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FBIS-EAS-96-128

Tuesday

2 July 1996

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Daily Report

East Asia

FBIS-EAS-96-128

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Japan

Japan: 'Source' Sees Resolution in Insurance Dispute by End Jul

OW0207112996 Tokyo KYODO in English
1103 GMT 2 Jul 96

[FBIS Transcribed Text] Tokyo, July 2 KYODO — Japan will be able to resolve a dispute with the United States over access to its insurance market by the end of July, a government source said Tuesday.

"A common ground has already been found between the two sides on the matter. Although we may have to have one or two more rounds of talks, I'm pretty sure the spat will be resolved by the end of this month," said the source, who is familiar with Japan-U.S. economic ties.

The source added that Tokyo and Washington reached the point when Finance Minister Wataru Kubo and U.S. Treasury Secretary Robert Rubin met in the wings of the Group of Seven summit in Lyons, France, last week.

Prime Minister Ryutaro Hashimoto and U.S. President Bill Clinton, in their bilateral summit in the French city, agreed to settle by the deadline the insurance trade row centering on "third-sector" products and the extent to which both Japanese life and nonlife insurance subsidiaries will be allowed to operate in that sector.

The third sector, a potentially profitable field in the industry, includes policies covering illness, accidents and nursing — areas in which non-Japanese companies are considered strong.

Japan: Ministry's Position on Aviation Talks With U.S.

OW0207051396 (Internet) Japanese Ministry of Transport WWW in English 27 Jun 96

[From the "What's New" link; Japanese homepage also carries identical item in the "What's New" link]

[FBIS Transcribed Text] Basic Position of Japanese Side in Japan-U.S. Passenger Air Talks

June 27, 1996

1. Basic Position of Japanese side

+ The major objectives of the consultations are to equalize the opportunities between Japanese and US airlines, and to expand the opportunities for the airlines of both sides on the basis of equality.

+ In view of promoting competition, emphasis should be laid on the expansion of opportunities for so-called non-incumbent airlines.

One of the most basic principles of the economic activities between two countries is the equality of oppor-

tunities for the players of both countries in the marketplace. This must be realized unconditionally, immediately, completely, and without any compensation. The present situation, under which Japan Airlines cannot fly to such cities like Detroit and Dallas, All Nippon Airways cannot operate to the US mainland and Hawaii from Kansai International Airport, and the beyond rights of Japanese airlines are extremely restricted compared with those of US airlines, must be corrected.

Japan welcomes the enhancement of competition among airlines. To realize fair competition, emphasis should be placed on the expansion of opportunities for so-called non-incumbent airlines. The Japan-US market is large enough to accommodate such competition, and, without any doubt, it will continue to grow. (The passenger traffic between two countries has been growing at the annual rate of 7.9 percent in these 5 years period since 1990. In the year 2000, around 20 million passengers are estimated to be carried between Japan and the U.S.)

It is also very important to improve the travelers' convenience and to enlarge the market through expanding the route network between Japan and the US. At present, no direct services are provided between Japan to those US cities like Miami, Las Vegas, Houston and Denver. These routes, however, are of high potential.

The open sky policy of the US demands the opening of the international air transportation market without any safe guards, while keeping US domestic market for the US airlines exclusively, which is as large as 30 percent of the worldwide market. This policy, which has no appropriate safe guards, is pregnant with the risk of further concentration in the international market by megacarriers. Japan cannot find any base to agree to such open sky policy. As clearly understood from the results of APEC Transport Ministerial Meeting in Washington D.C. in 1995, opposition to the open sky is almost common among Asian countries. Japan is seeking for the promotion of fair competition by expanding the opportunities on the basis of equality.

2. Beyond rights of the US airlines

+ Japan respects the vested rights of the US airlines under the Agreement and its commitments thereof.

Japan has respected, and respects the vested rights of the US airlines under the Agreement and its commitments thereof. And, Japan will do the same, as far as US side carries out their beyond operations in accordance with the Agreement and their commitments thereof. The vested rights of airlines of both sides stem from the rights and obligations stipulated in the Agreement as a whole. It is totally unacceptable to claim that the rights stem from only a part of the Agreement,

namely, the attached Schedule to the Agreement and that there are no effective meanings in the Articles of the Agreement. The article 12 stipulates three requirements for the exercise of beyond rights /*1/. Unless all of these requirements are observed by the airlines, the exercise of beyond rights is not permissible.

/*1/ Article 12

(1) The agreed services available hereunder to the public shall bear a close relationship to the requirements of the public for such services and shall retain as their primary objectives the provision of capacity adequate to the traffic demands between the country of which the airline providing such services is the a national and the countries of ultimate destination of the traffic.

(2) The right to embark or disembark on such services international traffic destined for and coming from third countries at a point or points on the specified routes shall be applied in accordance with the general principle of orderly development to which both Contracting Parties subscribe and

(3) shall be subject to the general principle that capacity should be related:

(a) To traffic requirements between the country of which the airline is a national and the countries of ultimate destination of the traffic;

(b) To the requirements of through airline operation; and

(c) To the traffic requirements of the area through which the airline passes after taking account of local and regional services.

With respect to the interpretation of the primary objective in this Article, both the US government and a US airline did admit the restraints of fifth freedom rights therein and the inconsistency of the US airline's beyond operations with the principles of the Article. /*2/ Accordingly, such inconsistency should be corrected immediately.

/*2/ Excerpt from the letter of Mr. J. Shane, Assistant Secretary, US DOT, dated January 21, 1992, addressed to Vice Minister for Transport, Japan;

I am aware that the traffic statistics during the first two months of this developmental period show an extremely high proportion of Osaka-Sydney carriage. In our view, the level of fifth freedom carriage reported thus far would not appear to be consistent with the principles set forth in Article 12.

Excerpt from the letter of Mr. G. Greenwald, Chairman of United Airlines, dated April 7, 1993, addressed to Minister for Transport, Japan;

I also want you to know that United is aware of the terms of Article 12 of the U.S.-Japan Air Service Agreement, and of our obligations thereunder. As you know, we have been working to reduce the level of local traffic on our flights beyond Tokyo.

Further, Osaka-Jakarta service is now planned by Northwest Airlines. The license for this route was granted to the airline by the US government on the date after the conclusion of 89 MOU. According to the General Provisions of 89 MOU, each party has no obligation to approve the new routes as vested rights whose operating licenses are granted after the conclusion of the MOU. Although US side is insisting that the General Provision is not applicable to beyond services, there are no terms in the MOU that indicate that the applicability of the General Provisions is limited to the routes between Japan and US only. The position of Japanese side that the Osaka-Jakarta service by Northwest is not the vested rights is based on the fair interpretation of the provisions.

3. Basic air transport service framework to be established for Japanese and US airlines

a. Between Japan and the US

+ Two Japanese and two US airlines: No limitation on points served, and no limitation on capacity.

+ Two Japanese and two US airlines other than the above: Substantial expansion of the opportunities for their operation. (Thereby, significant expansion of the numbers of gateways in both countries be achieved.)

b. Beyond services

+ Japan requests the equalization of the beyond rights for the two Japanese airlines with those of the two US so-called incumbent airlines.

+ Japan is prepared to permit the expansion of the beyond services by the US so-called incumbent airlines in an orderly manner and the participation of US so-called non-incumbent airlines into beyond services.

4. Ways of proceeding the consultations

+ When the equalization of opportunity among Japanese and US airlines is realized, this round of consultations would bring far more epoch making results than in the previous air cargo negotiations in expanding the opportunities for the airlines of both sides. Therefore, process of the consultations must be transparent to the highest degree possible.

Every issue which either side considers important must be discussed in a fair manner. In particular, such an attitude like "Unless one issue which is important to me

is settled, I will refuse to move on to the other issues of interests of yours" should not be allowed. If both sides take such position, no progress will be made. Therefore, it is important for both sides to examine the whole package of proposal of each side for the constructive proceedings of consultations. It is most desirable that the discussions be held in the presence of as many interested parties as possible, in order that the arguments of both sides are clearly and well understood by the interested parties concerned.

Japan: Minister Vows No Compromise on Aviation Talks With U.S.

OW0207060796 Tokyo KYODO in English
0452 GMT 2 Jul 96

[FBIS Transcribed Text] Tokyo, July 2 KYODO — Transport Minister Yoshiyuki Kamei expressed a resolve Tuesday not to compromise on passenger air service negotiations with the United States.

The comment comes after negotiators of the two countries failed to settle the aviation dispute in two days of talks in Washington last week.

The two sides remain far apart over the U.S. demand for allowing Northwest Airlines to fly to Jakarta via Osaka under the so-called "beyond" rights which allow carriers to fly to third nations after stopovers.

"The request is unacceptable because it is so unreasonable that it could expand the inequality (between Japanese and U.S. aviation interests)," Kamei told a news conference.

Washington argues that Northwest and United Airlines are authorized to open beyond services unconditionally under the 1952 bilateral aviation treaty which gives them a privileged status.

Tokyo, however, calls for restricting the use of such rights, given discrepancies between the aviation capabilities of the two countries.

The standoff is expected to make it hard for Japanese carriers to win U.S. approval for opening new services. Japan Airlines, for instance, is asking to fly between Hiroshima and Honolulu.

"We will compensate for possible passenger inconveniences by winning charter and extraordinary flights (for new routes)," Kamei said, seeking public understanding of the government's position.

Japan: Tsukahara Still Opposes Heavy Role in Chip Market

OW0207040096 Tokyo KYODO in English
0330 GMT 2 Jul 96

[FBIS Transcribed Text] Tokyo, July 2 KYODO — International Trade and Industry Minister Shumpei Tsukahara reiterated Japan's opposition Tuesday to making government commitments to the semiconductor market in a way that could trigger unilateral action by the United States.

"We have a final defense line on which we cannot compromise," Tsukahara said at a news conference, noting Japan refuses any commitment that would enable Washington to threaten sanctions under section 301 of the 1974 Trade Law.

He was referring to the Japan-U.S. standoff over the 1991 Bilateral Semiconductor Accord, which effectively reserves at least 20 percent of the Japanese market for foreign chips.

The U.S. wants to have another governmental agreement after the present pact expires July 31, while Japan argues against one, noting foreign share in Japan has already topped 30 percent.

At a bilateral meeting during the summit last week of the Group of Seven major industrial powers in Lyons, France, Prime Minister Ryutaro Hashimoto and U.S. President Bill Clinton agreed to settle the dispute by July 31 through a compromise.

The accord denies the Trade Ministry the option of allowing the current pact to expire as scheduled without doing anything, which would have been the best scenario for the Japanese side, Tsukahara said.

Still, Tsukahara flatly rejected the possibility of continuing the kind of market share surveys that have been conducted under the current pact, which Japan criticizes for being conducive to managed trade.

Tsukahara is expected to meet acting U.S. Trade Representative Charlene Barshefsky in New Zealand on July 15 and 16, when trade ministers from 18 member states of the Asia-Pacific Economic Cooperation Forum convene.

But he noted it will be impossible in reality to settle the dispute at that meeting, given the wide gap between the two sides.

Tsukahara reiterated Japan's proposal for establishing a multilateral semiconductor forum in which Japan, the U.S., the European Union (EU) and possibly other economies would participate, to replace the current Japan-U.S. accord.

The proposal was made when Yoshihiro Sakamoto, vice minister for international affairs at the Ministry of International Trade and Industry, met Ira Shapiro, senior negotiator at the office of the U.S. Trade Representative, in Washington last month.

The proposed forum would discuss tariffs, trade barriers, intellectual property rights, the environment and other issues surrounding semiconductor trade that should rightly be handled by governments.

Japan and the U.S. will separately contact the EU to find a desirable way to involve the latter in the forum, Tsukahara said.

Japan: Okinawa Prefecture Releases 'Base Return Action Program'

OW0107122296 (Internet) Okinawa Prefecture WWW in English 28 Jun 96

[From the Okinawa Prefecture's Homepage updated on 28 June 96]

[FBIS Transcribed Text]Base Return Action Program (proposal)

1. Purpose of the Action Program

The Base Return Action Program aims at the planned and gradual return of existing U.S. military facilities in Okinawa by the year 2015, which is the target year for Okinawa's grand design for the 21st century, "The Cosmopolitan City Formation Concept".

From the viewpoint of the Third Okinawa Promotion and Development Plan, Okinawa's new and fundamental goal is to "establish Okinawa as a unique region that will contribute to the socioeconomic and cultural development of Japan". In order to transform Okinawa into the "southern base for international exchange" the Prefecture has been conducting surveys regarding the basic direction of its long term development since 1992.

The "Cosmopolitan City Formation Concept" aims at constructing a multi-purpose exchange network with various Asian countries that have climates and natural features similar to Okinawa's as well as establishing Okinawa as a city equipped with all the functions of any advanced city. In order to do so, the planning of functions suitable for a cosmopolitan city, such as transportation and information networks, are pertinent and imperative. However, seeing as approximately twenty percent of Okinawa's main island is taken up by U.S.

military bases, their presence poses a great obstacle toward proceeding with such planning.

In order to make any concrete plans for the Cosmopolitan City Formation Concept, it is necessary to have access to the vast land currently used for bases. Thus, so as to enable the smooth, planned and gradual return of these bases, the Prefecture has come up with this "Base Return Action Program".

Furthermore, the Action Program is important to the country as it promotes integrated and appropriate land-use plans based on the ideas of each municipality and the prefecture as a whole.

2. Target Areas

The areas targeted in the Base Return Action Program include all 40 U.S. military facilities located in Okinawa Prefecture.

3. Basic Outlook on the Return of U.S. Bases

The Action Program is divided into three separate phases. Each phase aims at undertaking specific projects based on plans for the use of returned land so that the return of the bases can proceed in a planned and gradual manner. In addition, the Action Program is designed to take the following factors into consideration:

1. Relevance to the Cosmopolitan City Formation Concept
2. Requests/Demands for the return of bases thus far
3. Degree to which local municipalities' plans for use of returned land are developed
4. Each municipality's ideas, plans, etc.

The reasoning for each phase is explained below:

Phase 1 Focuses on bases whose return is being sought and necessary post-return land use planning for those bases by the target year of 2001, which is when the Third Okinawa Promotion and Development Plan will expire Phase 2 Focuses on bases whose return is being sought and necessary post-return land use planning for those bases by the target year of 2010, which is when the National Comprehensive Development Plan, currently in effect, is scheduled to expire Phase 3 Focuses on bases whose return is being sought and necessary post-return land use planning for those bases by the target year of 2015, which is when the Cosmopolitan City Formation Concept is scheduled to be realized

Breakdown of Facilities To Be Returned According to Phase

Phase	Number of Facilities	Names of Facilities
Phase 1: to 2001	10	1. Naha Port Facility
		2. Futenma Air Base
		3. Deputy Division Engineer Office
		4. Camp Kuwae (partial)
		5. Chibana Site
		6. Yomitan Auxiliary Airfield
		7. Tengan Pier
		8. Ginbaru Training Area
		9. Kin Blue Beach Training Area
		10. Okuma Resort Center
Phase 2: 2002 to 2010	14	1. Makimiao Service Area
		2. Camp Zukutan
		3. Camp Kuwae
		4. Awase Communications Site
		5. Sobe Communications Site
		6. Torii Communications Station
		7. Senaha Communications
		8. Henoko Ordnance Ammunition Depot
		9. Kesenji Communications Site
		10. Camp Courtney
		11. Camp McTearns
		12. Yaedake Communications Site
		13. Aka Training Area
		14. Northern Training Area Station
Phase 3: 2011 to 2015	17	1. Kadena Air Base
		2. Kadena Ammunition Storage
		3. Camp Shields

Phase	Number of Facilities	Names of Facilities
		4. Army POL Depots
		5. Camp Schwab
		6. Camp Hansen
		7. Ie-jima Auxiliary Airfield
		8. Kin Red Beach Training Area
		9. White Beach
		10. Ukiyara-jima Training Area
		11. Tsukenu-jima Training Area
		12. Tori Shima Range
		13. Idesuna-jima Range
		14. Kume Jima Range
		15. Kobi Sho Range
		16. Sekibi Sho Range
		17. Oki Daito Jima Range
	Total 41	

There are a total of 40 U.S. military facilities in Okinawa. However, since the return of Camp Kuwae (Foster) will be divided between Phases 1 and 2, the above chart shows that there are 41 facilities altogether.

Japan: Governor Ota on Land Lease Procedures, Bases Issue

OW0207075096 Naha OKINAWA TIMES in Japanese
2 Jul 96 Morning Edition p 2

[Summary of question-and-answer session with Okinawa Governor Masahide Ota at a news conference on 1 July at the prefectural government building, held after he formally announced his refusal to undertake administrative procedures on behalf of the national government to facilitate forcible land use for the Sobe Communications Facility]

[FBIS Translated Text] [OKINAWA TIMES] How do you feel now?

[Ota] Last year was the 50th anniversary of the end of World War II. I have always wanted to build an Okinawa where young people can hold hope for the 21st century. Resolving bases issues is unavoidable. Although I thanked the U.S. Government and the prime minister for the full return of the Futenma base, I oppose their proposed relocation sites. If it is at all possible, I would like to offer full cooperation to the government. However, if you look at the present situation in Oki-

nawa, 24 years after reversion to Japanese administration, the self-reliant development of the economy, the expansion of employment, and other problems are not going in the right direction. I can feel the Okinawan people's discontent. Right now, we need to join forces and work for a situation that offers more positive prospects.

[OKINAWA TIMES] Will you reject the "order" [to undertake land procedures on behalf of the national government] that will come next?

[Ota] We filed an appeal with the Supreme Court. We do not know when the verdict will be pronounced. I cannot answer your question at this stage.

[OKINAWA TIMES] Are you not concerned that relations between the national government and Okinawa may deteriorate?

[Ota] I observe democratic processes. We are not doing anything in violation of the law. I have absolutely no intention of impairing such relations.

[OKINAWA TIMES] The prefectural government is expected to directly challenge the constitutionality issue.

[Ota] We are not posing any challenge. I feel that the Okinawan people are being discriminated against. As the person responsible for the prefecture's administration, I need to think about the obstacles. Aside from the consolidation and reduction of military bases, there is also the problem of community development. I am merely telling the national government the real situation.

[OKINAWA TIMES] Will your refusal trigger moves to legislate special measures?

[Ota] I am not in a position to comment on this. This is a national issue. The prefectural government will make the best decision it can, and work for a better Okinawa as much as possible.

[OKINAWA TIMES] What do you think of the procedures for public notification and circulation of documents for uncontracted military land whose authorized use will expire in May 1997?

[Ota] I cannot comment before the Supreme Court pronounces a verdict.

[OKINAWA TIMES] Is your objection to the interim report one reason for your refusal to undertake land procedures?

[Ota] It is one factor, but it is not everything. Public administration involves a complex interaction of conflicting interests. We have to keep a balance and find the best solution. I always try to decide by looking at all the factors.

[OKINAWA TIMES] Do you think you have been able to stand by your convictions?

[Ota] I am not arguing from a personal position. I am merely pursuing a conclusion arrived through the prefectural government procedures. The prefectural administration made its judgment and came up with that conclusion.

[OKINAWA TIMES] What is the difference between now and the last time you undertook the land procedures?

[Ota] At that time, there was no venue to talk seriously to the national government. This time, an atmosphere to talk straightforwardly with the government has been created. Although some people think that the bases issue is separate from economic problems, the two are not unrelated. The conditions are bad for Okinawa to build an infrastructure for self-reliant growth. The employment problem is getting worse. In the process of finding ways to promote self-reliant development in Okinawa, you cannot avoid bumping into the problem of the existence of military bases in a small prefecture like Okinawa.

Japan: Review of Defense Cooperation Guidelines Examined

OW0207070396 Tokyo NIHON KEIZAI SHIMBUN in Japanese 27 Jun 96 Morning Edition p 2

[Article by Masato Shimizu]

[FBIS Translated Text] Lyon, 26 June — The government's basic policies for the review of Japan-U.S. defense cooperation guidelines have the objectives of establishing close cooperative relations in peacetime in order to make possible smooth joint action during emergencies and of preventing conflicts, in addition to preparing for "emergency situations in the area surrounding Japan." The Defense Agency [DA] will need to cooperate with other ministries and agencies in studying specific measures to attain these objectives. It is also imperative for Prime Minister Ryutaro Hashimoto to exercise leadership in coordinating the opinions of government offices.

The main purpose of the policies is to establish an emergency readiness system, in which the United States has shown high interest. However, a government source who accompanied Hashimoto on his Lyons trip said: "For smooth cooperation with the United States in emergencies, it is important to make preparations in peacetime." Thus, the government's basic policies stress "peacetime cooperation" with the United States. To its policies, the government also plans to add proposals for

diplomatic efforts and promoting exchange of information on security affairs between Japan and the United States in order to prevent conflicts and crises.

Earlier, the DA separated possible emergency situations in the area surrounding Japan into two groups: One group was "emergencies that may lead to a direct attack on Japan," such as a crisis on the Korean peninsula, and the other was "military conflicts which were unlikely to spread to Japan," such as a military clash on the Spratly Islands. The agency then began studying defense cooperation measures only for emergencies belonging to the former group, with a view to making possible an active response in case of an emergency on the Korean peninsula.

However, some government officials criticized the DA's approach. They said: "The agency is mindful only of dealing with possible emergency situations in accordance with Article 5 of the Japan-U.S. security treaty, which stipulates joint actions against an armed attack on Japan. It has no intention of applying Article 6, which outlines Japan-U.S. cooperation to maintain peace and security in the Far East," and "The agency has placed too much emphasis on the operation of the Self-Defense Forces [SDF] and on military cooperation."

Behind the DA's approach appears to lie its thinking that, if Japan-U.S. defense cooperation can be linked as closely as possible with "situations discussed in Article 5," the focus of discussion will naturally shift to defense cooperation within the right of individual self-defense, and thus the agency will be able to avoid arguments over the constitutionality of exercising the collective self-defense right. Such arguments will occur if "situations discussed in Article 6" are examined.

Certainly, arguments over the right of collective self-defense may occur if Japan's logistic support to the U.S. military and the SDF's maritime policing are considered ways to deal with "situations indicated in Article 6." But the government's stand is: "We would like to study every probable case not through ideological arguments but through concrete discussion" (according to the same government source). Concerning the issue of granting the use of private airports and harbors by U.S. forces in emergency situations, it will be urgently needed to coordinate opinions of ministries and agencies, including the Transport Ministry.

The basic policies call on the SDF and U.S. forces to study joint actions against a possible attack on Japan based on the present defense cooperation guidelines. The question is whether emergency legislation is needed for the implementation of joint actions. The government source said: "If this issue is discussed first, things will get confused because it has to do with the restriction

of private rights, and discussions on new defense cooperation guidelines may be deadlocked." It is likely that the government will put this sensitive issue on the back burner.

Japan: Editorial on Review of Defense Cooperation Guidelines

OW0107115096 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 30 Jun 96 Morning Edition p 2

[Editorial: "Popular Will Should Be Reflected in New Defense Guidelines"]

[FBIS Translated Text] The Japanese and U.S. Governments recently set up the Subcommittee for Defense Cooperation [SDC] to begin the review of the 1978 "Guidelines for U.S.-Japan Defense Cooperation." Although the review work is an important task that concerns Japan's security, it involves a delicate constitutional issue. Tokyo will need to promote talks with Washington while seeking public understanding.

The review will focus on: 1) Cooperation during peacetime; 2) joint response to armed attacks on Japan; and 3) cooperation in dealing with situations which may emerge in the areas surrounding Japan and will have an important influence on the peace and security of Japan. The third one is cooperation to deal with "Far East emergencies," which is briefly mentioned in the present defense cooperation guidelines.

We have asserted that the Japan-U.S. security system has contributed to the stability of the Asia-Pacific region, and that given the unclear situation in the DPRK (North Korea), its importance remains unchanged in the post-Cold War era. In this sense, it is a matter of course for Japan and the United States to review bilateral defense cooperation guidelines based on the joint declaration on security, which Prime Minister Ryoitaro Hashimoto and U.S. President Bill Clinton signed when they met in April.

The Hashimoto government has stated that in reviewing the defense cooperation guidelines, it will not change its interpretation of the Constitution, which bans the exercise of the collective self-defense right, and that it will study effective Japan-U.S. defense cooperation within the framework of its present interpretation of the Constitution. We support this policy because the review that requires the revision or reinterpretation of the Constitution will arouse suspicions at home and abroad, and it will not lead to a constructive outcome.

Japan and the United States have agreed to hold the first SDC meeting in July. They have also agreed that

the SDC should report on how its review work has progressed to a September meeting of the Japan-U.S. Security Consultative Committee [SCC] (comprised of the Japanese foreign minister and defense agency director general and the U.S. state and defense secretaries). Because of its nature, a prolonged review is undesirable. But jumping to a conclusion is also undesirable. At the SCC meeting in September, the two sides should only make an outline of the review. They should then begin the review spending at least one year.

The results of elections in Japan since 1960 have reflected the popular approval of the Japan-U.S. security system. Currently, the Liberal Democratic Party and the Social Democratic Party have confronted each other over new guidelines. But their conflict this time is not as severe as it used to be. It is certain that a general election will be held by summer of next year. It is necessary to reflect a popular will shown in the election in the review work, because public understanding is imperative for the execution of security policies.

**Japan: Expansion of Security Ties With U.S.
Concerns PRC**

*OWD107140396 Tokyo EKONOMISUTO in Japanese
11 Jun 96 pp 76-79*

[Article by Ling Xingguang, professor of economics at Fukui Prefectural University: "Chinese Intellectuals Begin To Think That Japan Created the 'China Threat' Theory"]

[FBIS Translated Text] Japan-U.S. Security Arrangements "Undergoing Qualitative Changes"

In its 19 April issue, RENMIN RIBAO, an organ of the Chinese Communist Party, indicated caution against the "qualitative changes in defense cooperation between Japan and the United States, by pointing out that "the Japan-U.S. security arrangements are making qualitative change from a defensive to an offensive type." This strong response must be taken under serious consideration because the redefining the Japan-U.S. security alliance has the possibility of exerting great influence on future Chinese policy toward the United States and Japan.

However, without further comment, it pointed out that a "qualitative change" is taking place instead of a "qualitative change was made." This must have meant that China does not yet think that the redefinition posed a great threat to Chinese security and that it would intensely watch future developments. Maintenance of peaceful relations with the international community is a fundamental prerequisite for China, which is fully committed to its economic construction, and China will try to make an appropriate judgment by listening to

explanations about the redefinition from the United States and Japan. Mutual efforts are required lest the view is formed that the Japan-U.S. security treaty is "becoming an offensive one" through the recent redefinition. In this sense, the current ongoing review of the "Japan-U.S. Defense Cooperation Guidelines" must be carried out carefully.

Generally speaking, while official statements on the part of government authorities are cautious, debates are conducted fairly freely at the scholar-researcher level, but their atmosphere is more or less strict and severe. Let me review the history of the Japan-U.S. security arrangements and cite the reaction at the level of Chinese scholar researchers.

During the Cold War days after the end of the Second World War, especially with the Korean War as a turning point, the Japan-U.S. security treaty was signed simultaneously with Japan's separate peace treaty with the United States and 48 other nations in San Francisco. That treaty assumed socialist countries including the former Soviet Union, China, and North Korea [DPRK] as its imaginary enemies. At that time, China regarded the security treaty as an aggressive military alliance and supported and held much hope on the anti-security treaty struggle of the Japanese people. In the 1960's, however, Sino-Soviet relations deteriorated, making the Soviet Union China's archenemy. From the common strategic consideration of deterring external expansion of the Soviet Union, the turning point for improvement of relations between the United States and China and between Japan and China came in the beginning of the 1970's. China was removed from the list of potential enemy countries for the Japan-U.S. security treaty. Since then, China has not opposed the security treaty, instead taking a posture of tacit approval and actually welcoming it.

Entering the 1980's, China began the reform and open-door policy and further deepened economic and political exchanges with the industrialized nations of the West including the United States and Japan to the extent of military exchanges between the United States and China and between Japan and China. The atmosphere changed to the extent that the Japan-U.S. security treaty did not matter much. Deng Xiaoping resolutely carried out a 1 million-man reduction in the military and slashed the military expenditure a great deal. Its real decrease in 1988 prior to the Tiananmen Incident after allowing for inflation was 75 percent of the figure for 1978. However, following the Tiananmen incident, China's foreign relations deteriorated, pushing up military expenditures in real as well as nominal terms.

Soon afterwards, the Berlin Wall crumbled, and the Cold War came to an end with the collapse of the Soviet Union. The disappearance of the Soviet Union, a socialist super power, made socialist China a focus of world attention and increased pressure on it from the industrialized nations of the West. That was why China's military expenditures continued to rise, finally to the level of 1978 in 1993. The budget saved by the 1 million-man reduction in force was used mostly for the modernization of equipment, except for the part of it used to improve soldiers' livelihood.

Fear of the "China Containment" Policy

In 1992, Deng Xiaoping in a speech during his trip to southern China called for speeding up the reform and open-door policy and the rate of reform. This contributed to holding in check conservative views, and the reform and open-door policy in the economic field has made big advances. It was a favorable trend to the eyes of the industrialized nations and served as a plus factor in their attitude toward China. Meanwhile, "increasing the rate of reform" and materialization of a high growth rate of 10 to 12 percent a year brought various distortions in China and simultaneously made some people in the Western nations somewhat fearful.

In April 1993, the World Bank published a report titled "Prospects of the World Economy and Developing Nations" and made a comparison of the expected GNP of the nations by purchasing power at par. The forecast pointed out that the real economic size of the "Chinese economic sphere" that includes China, Hong Kong, and Taiwan will surpass that of the United States and become number one in the world in 2002, nine years from now.

The Chinese authorities' retort to this strange exaggeration emerged suddenly out of nowhere. Soon afterwards, the theory of the "China menace" was voiced, and this exaggeration is regarded by China as an international intrigue contrived by anti-China forces.

As 1994 began, the U.S. strategy toward Asia showed a great change. During the first year of the Clinton administration, developing economic relations with Asian countries was regarded as the foremost task, but it was replaced by "the advantages of a security guarantee."

The Chinese side believes that the following changes have taken place in U.S. policy toward Asia and China.

1. Greater importance is attached to the military rather than the economy. While the "New Pacific Community Conception" proposed in July 1993 was based on three pillars, namely economic development, security, and encouraging democratization, a change took place in the "U.S. National Security Strategy" of July 1994 to the

effect that "security comes first where the Asian Pacific is concerned."

2. The U.S. military presence in Asia is emphatically displayed. It was declared that the reduction in force program for the U.S. troops stationed in the Asian-Pacific region, which had been carried out since 1991 by former President George Bush, would be stopped at the end of 1993, when the number of troops totals 100,000 men, at which point the second-phase reduction in force program would be suspended.

3. Stepped-up joint military exercises were conducted in the vicinity of China. The United States strengthened its diplomatic and military relations with countries around China, and conducted more than 40 joint military exercises in Asia in 1994, nearly double 1993.

4. More efforts have been exerted to strengthen and develop relations with Taiwan. The Taiwan authorities dispatched important persons to the United States to make speeches; and the U.S. authorities, in violation of the joint statement with China, began to show a favorable response.

5. The attitude was changed on intervening in the Spratly Islands. The neutral attitude that the United States "will not interfere with the sovereignty issue over the Spratly Islands" was replaced by "positive neutrality" that it will "take part in the dialogue" and it "wishes to support the settlement of the conflict."

China took note of this change in U.S. strategy in 1994. China strongly felt that the United States began to launch a China-containment policy when Joseph Nye's report entitled "U.S. Strategy for the East Asian-Pacific Region" was published in February 1995. In the United States at that time, heated debates were exchanged on China whether to take policies of containment or positive participation. Nye's report belongs to the latter but most Chinese believed that the true character of both policies debated were "containment" and differed only in their tactics. The Chinese authorities, desirous of coordinating with the United States and Japan, could not make the official statement a tough one. Keeping basically silent, China showed an attitude of appeasement by positively taking part in the ASEAN regional forum.

China, however, was greatly shocked by the 1995 U.S. visit of Taiwan President Lee Teng-hui and began to regard the new U.S. strategy toward East Asia seriously. The United States is thought to have switched to a policy of Taiwan independence as part of its China-containment policy. This thought is reflected in the following views: "A large part of the brunt of the change in U.S. Asian-Pacific policy is directed toward China,"

and placing the greatest priority on security "is intended to contain China, not only to maintain the leading status of the United States in the Asian-Pacific region." The United States permitted Lee Teng-hui to visit that country "from a long-range strategic consideration not only because of Congressional pressure."

U.S. Visit by Li Teng-hui Causes a Shock

As the Sino-U.S. relations shifted from conciliatory to confrontation dialogue, changes took place in the Japanese attitude toward China, and the Chinese began to notice that the negative side had become conspicuous. Manifestations of this include the following:

1. Military alliance is strengthened by the redefinition of the Japan-U.S. security arrangements. Scared by China's economic development and reinforcement of its national power, Japan wants to suppress this by all means. For this, U.S. cooperation is indispensable. Moreover, the United States needs Japan in order to totally contain China.

2. Campaigns were staged against China's nuclear experiments. Although under the U.S. nuclear umbrella, Japan opposed China's nuclear tests conducted in its own territory and suspended grant assistance to China.

3. Political pressure was applied on China, taking advantage of the yen-based loan. Japan has threatened to suspend yen-based loans if China continues to conduct nuclear tests. Furthermore, the Japanese Foreign Ministry has already launched a study into yen-based loans effective FY2001 and made a rule to decide on then on an annual basis, reduce the total amount, and raise interest rates.

4. Independence movement activities in Tibet and Taiwan are supported. The Dalai Lama was permitted to visit Japan, in open support of China's secessionist activities. The Foreign Ministry insists that it "does not at all violate the Japan-China joint statement." Consideration was being given to permit Lee Teng-hui into Japan to attend the APEC meeting in Osaka in November 1995, but the plan was dropped in view of China's stubborn attitude toward the United States.

5. Troops are being relocated from the north to the west. At present, the Self-Defense Forces are studying plans to strengthen defense in the west, with China as its apparent objective.

6. Interference in the Spratly Islands is being made in concert with the United States. The Foreign Ministry, commenting on the Chinese acts of maintaining its sovereignty, said that China "should not take unilateral action" and "is threatening the transporting route of petroleum, the lifeline of Japan."

By explaining such changes in Japan's attitude toward China, Chinese analysts say that "it is really worth noting for Japan, which developed by virtue of invading China more than 100 years ago and which, without admitting its sins, takes such a high-handed attitude."

Such analyses and viewpoints seem to be rather one-sided and are not completely fair, but these are the primary things being debated in China. In an article in the 25 April issue of the Chinese-language magazine ZHONGWEN DAobao published in Tokyo, Gao Xin, a young scholar who was born in mainland China and now lives in the United States, commented that "Japan is a potential threat," "the theory of the China threat is actually a product of Japan," and "the issue of Taiwan's independence is being drawn up by Japan." That viewpoint seemingly represents the general views of the intellectuals in China. The judgment that the character of the Japan-U.S. security treaty is changing from "defensive" to "offensive," as mentioned in the beginning of this article, has emerged from such environment.

Sino-Japanese relations during the past decade and more were friendly and smooth. However, with the switch in U.S. Asian strategy in 1994 and the subsequent strengthening of the Japan-U.S. security arrangements as a turning point, Sino-U.S. and Sino-Japanese relations fell into a vicious cycle and began to develop potential crises. The crisis in Sino-U.S. relations came to the fore in June 1995 when Lee Teng-hui visited the United States. Sino-Japanese relations, still dormant, is on the verge of coming to the fore at any time.

Do Not Incite "Taiwan's Independence"

In that case, will the Sino-U.S. and Sino-Japanese relations continue to deteriorate? I do not think so. China is desirous of maintaining a good relationship with the United States and Japan and of building peace and prosperity in Asia with the approach of the 21st century and that is China's basic policy. The United States also does not want confrontation with China and has made the level-headed judgment that its relations with China will be settled within a set time. As for the redefinition of Japan-U.S. security arrangements, China will closely watch future developments, but it is presumed that the following two viewpoints will continue in tandem.

The first one, as explained earlier, would insist on displaying an attitude of confrontation because the United States and Japan regard China as a potential enemy. The "Japan-U.S. Joint Declaration on Security—Alliance for the 21st Century" signed by Prime Minister Ryutaro Hashimoto and U.S. President Bill Clinton on 17 April heralded security cooperation between Japan

and the United States in case of emergencies. However, from both past history and the phrase "situations that might occur in the vicinity of Japan," it is apparent that the declaration is taking North Korea and China (Taiwan Strait) into consideration. Chinese military circles and the conservative faction may call for strengthening military power under the assumption that the Japan-U.S. security treaty by this declaration made it clear that it essentially regards China as an imaginary enemy.

On the other hand, those who favor reform and the open-door policy may insist on taking a cooperative attitude toward the United States and Japan by pointing to the following three factors. 1) Although top Japanese and U.S. leaders discussed the Taiwan Strait problem, the tone of the declaration was rather constrained, and it avoided directly naming the countries in issue. 2) It hoped China would play "an affirmative as well as constructive role" and pointed out that "Japan and the United States will further deepen their cooperation with China." 3) It presented the ASEAN Regional Forum and the dialogue for Northeast Asian security and their objectives are described as being "the further development of dialogues and systems of cooperation to assure security in the region for many countries."

These two views will continue in tandem for a certain period of time, and either one could prevail depending on developments in the international situation, especially in connection with the attitude the Taiwan authorities adopt toward China and how the United States and Japan respond to the Taiwan issue. The 1.2 billion Chinese people on the mainland would not acknowledge Taiwan's independence, but if the situation develops favorably in that direction, the tension along the Taiwan Strait would increase, causing a deterioration in Sino-U.S. and Sino-Japanese relations.

The future of "China-Taiwan relations" is expected to develop and evolve around either a "good" or "vicious" cycle. The diagram of the good cycle begins with "lack of international support of Taiwan's independence lead by Japan and the United States, to weakening Taiwan's intention to be independent, to progress in dialogues for peaceful unification, to the federal system to keep the status quo in essence, and finally to the firm establishment of an Asian security system."

On the other hand, the diagram of the vicious cycle starts from "an increase in Taiwan's wish for independence, to international support for a democratic Taiwan's independence, to China's strengthening and demonstrating its military power, to an increase in international criticism, to enhanced Chinese nationalism and continued competition in armaments expansion." Since Li Teng-hui visited the United States in June 1995, "China-

Taiwan relations" fell into this vicious cycle. As explained earlier, in the past month, a sign of a shift in cycle from "vicious" to "good" was noticed, but with little optimism.

Japan's NIHON KEIZAI SHIMBUN in its 9 April issue reported that China's Academy of Military Sciences staff members called for doubling the ratio of national defense expenditures in the GNP from 1.26 percent of 1994 to between 2.2 and 2.5 percent. The 19 April meeting of U.S. Secretary of State Warren Christopher and Chinese Vice Premier Qian Qichen ended in discord, and the United States is prepared to supply Taiwan with the latest weapons. When Japan and China normalized relations, Taiwan was under the dictatorship of the Kuomintang. However, now Taiwan has won democratization, and the situation has changed. NIHON KEIZAI SHIMBUN on 19 April reported that those who support Taiwan's independence movement pointed out that Taiwan's international status has to be taken into consideration. These factors embrace the worrisome possibility of pushing "China-Taiwan relations" back into a vicious cycle again.

For Asian peace and prosperity in the 21st century, China, the Taiwan authorities, the United States, and Asian countries have to work out corresponding policies to allow "China-Taiwan relations" follow a good cycle.

Both the Japanese and U.S. Governments are especially called upon to refrain from making policies to encourage Taiwan in its desire for independence when they apply the new definition of the Japan-U.S. security arrangements.

Japan: Officials 'Puzzled' by Hashimoto Negotiating Style

OW0107120096 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 30 June 96 Morning Edition p 3

[By Satoshi Kittaka]

[FBIS Translated Text] Lyons — "We made a list of expected questions and answers." Japanese bureaucrats are apparently puzzled about Prime Minister Ryutaro Hashimoto's "top down style" of negotiations that he demonstrated in Lyons. In particular, it is reported that the prime minister clearly stated in a tete-a-tete with U.S. President Bill Clinton that he "approved government involvement" in the Japanese chip market in connection with the issue of extending the Japan-U.S. semiconductor agreement. A bureaucrat at the Ministry of International Trade and Industry (MITI), who was informed of Hashimoto's approval of government involvement, noted: "We have to keep watching moves by the prime minister's official residence more than before."

The prime minister's remarks regarding the semiconductor negotiations constitute a significant departure from MITI's longstanding policy. Hashimoto not only approved government involvement in the semiconductor sector but also stated that a settlement in the Japan-U.S. semiconductor dispute should come before multilateral talks.

Bureaucrats-led trade negotiations, in which the initiative of negotiations is step by step upgraded from the section chief level to the vice-ministerial level, take time because the two sides often confront over basic principles. Such negotiations are apt to come to a deadlock. For this reason, some bureaucrats welcome the "Hashimoto style," saying that "if a top politician paves the way, it is easy for us to take moves," (as stated by a senior Foreign Ministry official).

In fact, some people observe that it is unthinkable that even MITI Deputy Vice Minister Yoshihiro Sakamoto, who enjoys complete confidence of the prime minister, did not know in advance about Hashimoto's remarks regarding the semiconductor issue. If Hashimoto took the action in concert with senior MITI officials, it would be highly likely that progress will be made in the semiconductor negotiations by the deadline at the end of July.

Japan: Spokesman on DPRK, ROK, Lyons Summit
 OW0207002096 (Internet) Japanese Ministry of
 Foreign Affairs WWW in English 25 Jun 96

[News conference by Japanese Ministry of Foreign Affairs spokesman Ken Shimanouchi with unidentified reporters on 25 June; place not given; from the "What's New!" link]

[FBIS Transcribed Text] [Topics of Discussion]

I. Opening Remark

II. Visit to Japan by a North Korean Disarmament and Peace Institute Delegation

III. Japan and North Korea

IV. Issues To Be Discussed at the Upcoming G-7 Summit in Lyons

V. People's Republic of China and the World Trade Organization (WTO)

VI. Outcome of Talks at the Meeting on Cheju Island Between Prime Minister Ryutaro Hashimoto and President Kim Yong-sam of the Republic of Korea

VII. Japan and Republic of Korea Visa Requirements

VIII. Details of a Possible Follow-Up Meeting Between Prime Minister Ryutaro Hashimoto and President Kim Yong-sam of the Republic of Korea

I. Opening Remark

Foreign Ministry spokesman Ken Shimanouchi: I do not have any announcements this afternoon. I will be delighted to respond to any questions that you might have.

II. Visit to Japan by a North Korean Disarmament and Peace Institute Delegation

Q: I have a question in regard to the North Korean delegation of the Armistice and Peace Institute of North Korea which arrived in Tokyo yesterday evening. Included in that delegation is the leader of the Japan section of their Foreign Ministry. There is a lot of speculation that he will meet with officials of the Ministry of Foreign Affairs in Tokyo. I would like to know whether that is true or not? Also, yesterday, Chairman of the Liberal Democratic Party Policy Research Council Taku Yamasaki, after meeting with Minister of Foreign Affairs Ikeda last night, said that a Ministry of Foreign Affairs official will meet with this North Korean delegation. Could you comment on this, please?

A: A group representing the North Korean Disarmament and Peace Institute arrived in Tokyo yesterday. They will be here for about one week. They are here at the invitation of the Japan Institute of International Affairs. In general terms, we think it is a good thing for academic organizations of Japan and North Korea to meet like this and deepen mutual understanding. As for the question about our plans to meet with members of this delegation, nothing has been decided yet.

III. Japan and North Korea

Q: Yesterday, Foreign Minister Ikeda met with leaders of the coalition parties. At this meeting Mr. Ikeda has been reported to have said normalization talks will be carried out by the Government. Could you tell me about that?

A: Minister for Foreign Affairs Yukihiko Ikeda is a very busy person, and he meets a lot of people. We, at the working level, are not in a position to comment on everything discussed in the meetings held by Minister for Foreign Affairs Ikeda. Having said that, I would like to add that it is the policy of this Government to conduct normalization talks with North Korea through Government channels. I think we have the understanding of the political parties on this.

IV. Issues To Be Discussed at the Upcoming G-7 Summit in Lyons

Q: Can you tell us a little bit about the upcoming G-7 Summit, and what Japan hopes to achieve at the Summit, and what issues will be discussed?

A: In the upcoming G-7 Summit in Lyons, a large number of subjects will be discussed by the seven leaders. President Jacques Chirac of the French Republic has suggested that the main theme of the upcoming summit should be globalization. Japan fully agrees with this. We believe globalization involves challenges, but also provides opportunities for the world. Another issue that Japan attaches importance to is the issue of development within developing countries. At the Summit, we would like to emphasize the need for developing countries and developed countries to work together, in what we call a new global partnership, in order to set specific goals such as the reduction of poverty, reduction of infant mortality, and the universalization of primary education. Developing countries and developed countries should work together to attain these goals. That is one thing to which we attach importance. We also attach importance to the question of accumulated debts, particularly those of low-income countries. On the political side we expect the Russian Federation, the Middle East, and Bosnia and Herzegovina to be the key issues that will be discussed.

We also believe that issues concerning the Korean peninsula, the People's Republic of China, the Asia-Pacific situation, disarmament and non-proliferation are important. With regard to China, we believe that for the stability and prosperity of the Asia-Pacific region, it is necessary for the international community to support the reform and open-door policies of China, and engage China as an active partner in the international community. We will probably be underscoring that point. That is a brief summary of what we intend to discuss at the Summit.

Q: Do you expect that there will be pressure by other countries on Japan to stimulate domestic demand? Can you talk a little bit more about the economic issues of Japan?

A: On the economic side, we will be discussing policy coordination among the G-7 countries which will include macroeconomic policies, the issue of employment, and the need to stabilize the financial system. I hesitate to speculate on the specific discussions that will take place in Lyons.

V. People's Republic of China and the World Trade Organization (WTO)

Q: Is Japan going to take the initiative on presenting China's case regarding membership in the WTO?

A: At the G-7 Summit, we will be discussing the need to strengthen the free and open multilateral trading system. In that context it is likely that that issue of accession of non-members will be discussed. Our position on China's

accession to the World Trade Organization (WTO) is clear. We have announced it in statements in the past. Our position is that we support the early accession of China to the WTO, but that China needs to meet the requirements of the WTO in order to do that. It is our hope that that will be done very soon.

VI. Outcome of Talks at the Meeting on Cheju Island Between Prime Minister Ryutaro Hashimoto and President Kim Yong-sam of the Republic of Korea

Q: Regarding Prime Minister Hashimoto's visit to the Republic of Korea last weekend, what follows from these informal discussions? Is there an agenda that has to be put into place? If so, what are the major issues to be dealt with as a result of the discussions?

A: First of all, let me give you our overall impressions of the meeting on Cheju Island. Our position is best summed up in the statement made by Prime Minister Ryutaro Hashimoto in his joint press conference with President Kim Yong-sam, the press conference that was held immediately after the meetings. Prime Minister Hashimoto said he was pleased that he was able to hold a frank and broad exchange of views with President Kim in a relaxed atmosphere. We are told that Prime Minister Hashimoto established a very good personal rapport with President Kim. He invited President Kim to visit Japan so that they could hold discussions in the same type of relaxed atmosphere. We think this is a very important outcome of the visit. Prime Minister Hashimoto also said that he was truly encouraged that there was agreement with President Kim that the two countries should further strengthen the bonds of friendship and cooperation and take advantage of the decision for the two countries to co-host the World Cup. The two leaders also reaffirmed the importance of close cooperation by Japan, the Republic of Korea, and the United States for peace and stability in northeast Asia. This was also another very important outcome of the talks. There are a lot of things the two Governments will be working on. We will be negotiating on the demarcation of the exclusive economic zones of the two countries. In Cheju, the two leaders reaffirmed the agreement reached in Bangkok, and to move the talks forward on the basis of this understanding; the same can be said for the fishery talks. They also discussed the importance of youth exchanges. This is a very future-oriented project. The two leaders agreed to intensify exchange in this area. The two Governments will be holding working-level discussions on that. Regarding the issue of joint historical studies, I think you have heard about the agreement by the two leaders to set up a meeting of intellectuals from the two countries to

monitor the current situation regarding historical studies in these two countries, and to encourage these studies. The two sides are hopeful that this meeting will be held soon.

VII. Japan and Republic of Korea Visa Requirements

Q: Was there any talk on visas, about how to equalize the visa requirements of the two countries?

A: That was not talked about in the meeting of the two leaders, however, in the meeting of foreign ministers, the Korean side requested — on the question of visas — improvements on a number of points. The two sides agreed that this should be discussed at the meeting of the Directors-General of Consular Affairs of the two governments, which is scheduled to be held in July.

Q: Was there any suggestion, because of the co-hosting, that the bilateral Aviation Treaty may have to be renegotiated to allow for more capacity between the two countries?

A: That was not discussed in any of the meetings. I am unaware that that is even an issue between the two Governments.

VIII. Details of a Possible Follow-Up Meeting Between Prime Minister Ryutaro Hashimoto and President Kim Yong-sam of the Republic of Korea

Q: When do you expect the return meeting between the two leaders?

A: That will be discussed by the two Governments. At the Cheju meeting no time frame was mentioned. They did very informally discuss the venue. Prime Minister Hashimoto asked President Kim what his preference was in regard to the venue. President Kim told Prime Minister Hashimoto that he had been told that Prime Minister Hashimoto's hobbies were mountain climbing and taking photos of mountains. President Kim told Prime Minister Hashimoto that those were also his own hobbies. That may be an indication of where the meeting might take place. If I mentioned the names of any places, that would be pure speculation.

Q: Is there a feeling that the meeting will be this year or next year?

A: I do not know, because no specific time frame was discussed between the two leaders. In the press conference, Prime Minister Hashimoto said that he would like to meet with President Kim at any time in a relaxed atmosphere like this. Thank you very much.

Japan: Spokesman on Lyons Summit, DPRK, Trade Issues

OW0207015696 (Internet) Japanese Ministry of Foreign Affairs WWW in English 28 Jun 96

[News conference by Japanese Ministry of Foreign Affairs spokesman Ken Shimanouchi with unidentified reporters on 28 June; place not given]

[FBIS Transcribed Text] [Topics of Discussion]

I. Announcements from the Lyons G-7 Summit Meeting

A. Prime Minister Ryutaro Hashimoto's Meeting with President William Clinton of the United States

B. Prime Minister Ryutaro Hashimoto's Meetings with Leaders at the Lyons G-7 Summit

II. Japan and North Korea

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I. Announcements from the Lyons G-7 Summit Meeting

A. Prime Minister Ryutaro Hashimoto's Meeting with President William Clinton of the United States

Foreign Ministry Spokesman Ken Shimanouchi: Before I take your questions, I would like to tell you about Prime Minister Ryutaro Hashimoto's activities in Lyons. I think you have heard about the Declaration on Terrorism that was issued immediately after the Working Dinner of the G-7 leaders last night. As you know, this declaration was issued in the light of the growing interest among G-7 countries in fighting terrorism in the wake of the Dhahran bombing. I think you have the text of the declaration; if you do not, please let us know. We will be very glad to provide you with copies. Before the Working Dinner, Prime Minister Hashimoto had four bilateral meetings. He met President William Clinton of the United States, Prime Minister John Major of the United Kingdom of Great Britain and Northern Ireland, President Jacques Chirac of the French Republic, and President Jacques Santer of the European Commission. Let me give you, in a nutshell, what was discussed in Prime Minister Hashimoto's meeting with President Clinton. They met for about one hour in the late afternoon of 27 June 1996. The first half of the meeting was a tete-a-tete meeting. After that, the two leaders were joined

by their Cabinet Ministers and other members of their delegations. Let me tell you a little bit about the specific points that were discussed in the meeting. At the outset of the meeting, Prime Minister Hashimoto expressed his condolences and sympathies to the victims of the Dhahran bombing. Economic issues were discussed in the tele-a-tele meeting. Regarding semiconductors and insurance, the two leaders agreed that it was important to reach an early agreement in a spirit of mutual compromise. They both held the position that they would like their Cabinet Ministers to hold frank exchanges of views and make efforts to reach a solution, with the end of July as a target. They also discussed international affairs. Let me start with North Korea. President Clinton thanked Japan for its recent decision to extend humanitarian assistance to North Korea and for Japan's support of the Four-party Conference proposed by the United States and the Republic of Korea. President Clinton expressed the hope that North Korea would accept the four-party proposal. He also said that he would like to work with Japan at the G-7 Summit to call on European countries to make more contributions to KEDO, just as Japan is contributing to the reconstruction of Bosnia and Herzegovina. In response, Prime Minister Hashimoto told President Clinton about his recent visit to Cheju Island and his meetings with President Kim Yong-sam of the Republic of Korea. With regard to humanitarian assistance for North Korea, Prime Minister Hashimoto told President Clinton that the day before, in Geneva, the North Korean Ambassador had thanked Minister for Foreign Affairs Yukihiko Ikeda for Japan's assistance. Let me add a footnote to this. When Minister for Foreign Affairs Ikeda visited Geneva yesterday he gave a reception for all the representatives at the Disarmament Conference. At this reception, he met the North Korean representative and had an opportunity to chat very briefly. That is when the North Korean representative expressed his appreciation to the Foreign Minister. End of footnote. Prime Minister Hashimoto also referred, regarding KEDO, to a recent trend in the United States Congress to reduce contributions from the United States to KEDO. Prime Minister Hashimoto asked that the executive branch of the Government of the United States make further efforts. In response to this, President Clinton said the Government of the United States was making utmost efforts. They also discussed the People's Republic of China. President Clinton said that both Japan and the United States had special responsibilities to forge constructive ties with China and the Russian Federation. With regard to China, he told Prime Minister Hashimoto about the recent agreement between the United States and China on intellectual property rights and said that relations with China were improving and that he was hoping for further improvements on the re-

lationship. President Clinton also said that he hoped that China would join the WTO, but it is necessary for China to abide by WTO rules.

In response, Prime Minister Hashimoto welcomed the agreement on intellectual property rights between the United States and China, and the extension of most-favored nation treatment for China. With regard to the WTO, Prime Minister Hashimoto said that both countries needed to make efforts for China's accession to the WTO, and that this was well worth the effort. Next, they discussed the Russian Federation. President Clinton said it was necessary to take an active approach to forging positive ties with the Russian Federation. President Clinton also referred to relations between Japan and the Russian Federation, and said if there is any role the United States could play, the United States would be happy to cooperate. Hashimoto praised the free and fair election that was held in the Russian Federation recently. He said that after the election he would like to coordinate Russian policy with the United States. He also gave thanks for President Clinton's words regarding Japan-Russian Federation relations. Prime Minister Hashimoto also said that he regretted the absence of President Boris Yeltsin of the Russian Federation at the summit. He added that it was important that the G-7 countries convey to the Russian Federation the message that the G-7 would spare no efforts to support the Russian Federation as long as reforms continue. At the end of the meeting, Prime Minister Hashimoto paid tribute to the efforts of the United States in Bosnia and Herzegovina.

B. Prime Minister Ryutaro Hashimoto's Meetings With Leaders at the Lyons G-7 Summit

Spokesman Ken Shimanouchi: With regard to other meetings I will tell you what issues were discussed without going into detail. In his meeting with Prime Minister Major, they discussed bilateral relations between Japan and the United Kingdom. They discussed the Russian Federation, they discussed China issues, including Hong Kong, the relationship between trade and labor standards, Northern Ireland and terrorism. In the meeting between Prime Minister Hashimoto and President Chirac, they discussed bilateral relations and Summit items. On the context of bilateral relations, Prime Minister Hashimoto formally invited President Chirac to visit Japan as State Guest, starting 17 November. In response, President Chirac said "domo arigato," or "thank you" in Japanese. In the meeting between Prime Minister Hashimoto and President Santer, they discussed the issue of development in the Summit context. They also discussed semiconductors and insurance.

Those are the announcements that I wanted to make, and I will be delighted to respond to any questions that you might have.

II. Japan and North Korea

Q: Now that KEDO is established, I would like to know what are some of the main things that are holding Japan back from normalization talks with North Korea at this stage?

A: In response to this question I can only tell you about the current situation. We have been having informal talks with North Korea in order to discuss the arrangements for the resumption of normalization talks. However, at this present stage, we cannot predict when or where the talks will be resumed. That is how matters stand now. We will be taking into account a number of factors when we consider the issue of normalization talks.

Q: Do talks between North Korea and the Republic of Korea have to do on in order for Japan to go on with the resuming of normalization talks with North Korea? How do North-South talks affect Japan's talks with North Korea?

A: We believe that a dialogue between North Korea and the Republic of Korea is essential for peace and stability on the Korean peninsula. That is the reason we support the proposal for a Four-party conference. In dealing with this question of normalization with North Korea, we must look at two aspects. One aspect is normalizing the anomalous state of affairs that have existed between Japan and North Korea since the war. The other is to contribute to peace and stability on the Korean peninsula, which is one of the main objectives of the normalization talks. As I have said repeatedly, we will be maintaining close contact with the Republic of Korea.

Q: The North Korean delegation is in Japan. There was a report that they had contact with an official of the Ministry of Foreign Affairs in Japan, and that they want higher contact in the Japanese Government. In some of the reports it was stated that they want to meet Director-General Kato of the Asian Affairs. Some of the reports said the Japanese Government might consider somebody else, could you comment on that?

A: I think you are well aware of our policy regarding specific contacts with North Korea. We do not comment on specific contacts with North Korea. In keeping with this policy I will have to refrain from making any comment, except to say that the possibility of setting up a meeting between the delegation and Director-General Ryoze Kato of the Asian Affairs Bureau has never crossed our minds.

III. Bilateral Meeting Between Prime Minister Hashimoto and President William Clinton of the United States

Q: In the bilateral discussion between President Clinton and Prime Minister Hashimoto, was there any kind of plea from the U.S. side that Japan use economic or fiscal policy to ensure that the economic recovery picks up speed? If so, how did Prime Minister Hashimoto respond?

A: I am not aware of any discussion between the two leaders on that subject. The reason I say this is because they only had a 30-minute tete-a-tete meeting, in which only the interpreters were with them. You will have to ask the leaders to be absolutely sure. However, I have not heard any reports about that being discussed between the two leaders.

IV. Sumitomo Corporation Investigation

Q: Some investigators from the United States and England are here looking at the Sumitomo case. Can you comment at all on what the status of the investigation is, and also what the Government position is? In the past Japanese officials have insisted that there is no indication that there was any criminal wrongdoing in this particular case.

A: I cannot go into details because this case is under investigation. However, I can tell you that British authorities from the Securities and Investments Board (SIV) and the Serious Fraud Office (SFO), and United States authorities from the Commodity Futures Trading Commission (CFTC) visited the Ministry of Justice and the Ministry of International Trade and Industry yesterday and held discussions there. I cannot go into the contents of these discussions that were held at these two ministries. Our basic position is to extend whatever cooperation is necessary to assist the British and United States authorities.

Q: Has an investigation been commenced?

A: I cannot go into those details.

Q: Is there is any change in policy as a result of the information from the prosecutor or of the information from the U.S. and British authorities?

A: I am not aware of what was discussed, and I could not comment on it even if I were aware of the details.

V. Japan-United States Discussions on Semiconductors and Insurance

Q: You mentioned, in the meeting with President Clinton and Prime Minister Hashimoto, that they tried to lay the groundwork for a semiconductor accord by

31 July. Do you have any more details about that they discussed in the meeting? They also set a deadline for 31 July on the insurance issue. Could you comment on this, as well?

A: All the information I have has been provided to you. There is nothing I can add to what I have already told you.

Q: For the insurance issue, they set the same deadline of 31 July. Do you think this is any more serious than the prior deadline?

A: It is a deadline set by the two leaders. In that sense it is very serious. Also, they will be ordering their cabinet members to work hard toward resolving these issues. In that sense it is very serious.

VI. Civil Aviation Talks

Q: Can you comment on United Airlines officials saying that Japan has not allowed them to fly as many stopovers in Japan as they have a right to?

A: I believe the civil aviation talks are being held right now. I have not heard any reports about what has been discussed. Thank you.

Japan: Foreign Ministry's Information on Lyons Summit

OW0207011996 (Internet) Japanese Ministry of Foreign Affairs WWW in English 29 Jun 96

[Ministry of Foreign Affairs Information released 29 June 1996 "a Lyons Summit: Japan's Initiatives at the Lyons Summit"]

[FBIS Transcribed Text] I. Initiative on Africa

A. The Second Meeting of Tokyo International Conference on African Development (TICAD-II)

In 1993, Japan hosted the First Tokyo International Conference on African Development (TICAD-I), which made significant achievement in promoting the development of African countries that are striving toward democratization and making structural adjustments. Japan is taking various follow-up initiatives in an active manner. Japan announced to hold the Second Meeting of Tokyo International Conference on African Development (TICAD-II) in around 1998 with the objective to review the progress made since the TICAD and to give further impetus to the momentum for development in Africa.

B. Assistance for Africa

1. With the aim of achieving in Africa the international goal of universal education in all countries of the world by the year 2015, which was proposed at the 1994 World

Summit on Social Development, Japan will provide assistance for education in the amount of approximately US\$100 million over a three year period in order to expand education in Africa, as its "Education For All Program."

2. With a view to achieving in Africa the goal established by the World Health Organisation (WHO) of eradicating polio from the world by the year 2000, Japan will provide positive assistance as its "Health For All Program."

3. In order to implement assistance to African countries more effectively, Japan will continue to make efforts for strengthening the coordination with other donor countries such as France, the United Kingdom, the United States, and Canada, which are providing active assistance in Africa, through combining ways and areas in which each donor country has an advantage over others.

C. Contributions To Conflict Prevention and Resolution

Japan has made various efforts to contributing to conflict prevention and resolution, including participation in peace-keeping operations (PKO) in Mozambique, the dispatch of the International Peace Cooperation Corps for relief activities for Rwandan refugees, and the hosting in 1995 of the High-level Symposium on Peace and Development: The Problem of Conflict in Africa. In March 1996, Japan became the first country to disperse funds to the Trust Fund for the Implementation of the Program of Work of the Standing Advisory Committee on Security Question in Central Africa, with its contribution of US\$600,000. Furthermore, Japan intends to disburse US\$500,000 to the Peace Fund of the Organization of African Unity (OAU) in order to support the OAU Mechanism for the Prevention, Management and Resolution of Conflicts. In addition, as a follow-up to last year's symposium, Japan intends to host a Symposium on "Conflicts in Africa — Road to a Nation Building in the Post- Conflict Period" in September 1996.

II. Initiative on Development

A. Concept of a "New Global Partnership"

Now that the Cold War has ended, conditions exist for tackling the problems of development through a new approach, avoiding the confrontation that has marred in the past the relationship between the North and South. In this context, Japan is advocating for a "New Global Partnership" based on which developed and developing countries work together to promote development. Japan will endeavor to promote this idea in the international

community, including in the discussions in the United Nations.

B. Proposals for Development Targets

Japan has proposed the establishment of development targets in such areas poverty reduction, universal primary education, reduction of the maternal/infant mortality rates, and environmental protection as common goals of both industrialized and developing countries for the "New Global Partnership." Japan is making efforts to create a consensus on this matter in the international community.

C. Reinvestment of Savings

Japan believes that the aim of United Nations reform should not be the budget cutting itself but should be to strengthen United Nations' development activities. Japan is therefore advocating the idea that savings resulting from reform should be reinvested in development programs.

III. Initiative on Global Issues

A. Environment

As a means of expressing its firm intent to further contribute to creating a healthy global environment, Japan will announce the following initiatives.

1. While international negotiations are currently under way to create a new international legal framework to limit greenhouse gas emissions, Japan has decided to offer to host in 1997 the Third Session of the Conference of the Parties to the Framework Convention on Climate Change (COP3).

2. The Bali Partnership Fund is to be established in the International Tropical Timber Organization (ITTO) next year as a means to assist developing countries in achieving the objective of sustainable management of tropical timber-producing forests by the year 2000, and Japan will take the lead in cooperation for this Fund.

B. Counterterrorism

Terrorism is a global issue that does not know national boundaries. Considering the importance of international cooperation in counterterrorism, Japan intends to host an international seminar to be attended by industrialized and developing nations, on the theme of promoting mutual cooperation sometime before the 1997 G-7 Summit.

C. Measures To Deal With Anti-Personnel Landmines

Anti-personnel landmines abandoned in conflict areas have killed and maimed many civilians. The scourge

represented by anti-personnel landmines is not only a major humanitarian issue, but also a huge barrier to reconstruction and development in the post-conflict period. It is essential that this issue should be addressed globally. Japan has decided to extend its support for the international efforts toward total, world-wide ban on anti-personnel landmines, and to take unilateral initiatives on the use of anti-personnel landmines (see annex). Japan is also proposing to hold an international conference at senior official level in Tokyo early next year with a view to reinforcing international support for 1) the works of the United Nations in landmine clearance, 2) development of new technology for landmine detection and removal, and 3) international assistance for rehabilitation of landmine victims.

D. The Partnership for Democratic Development

Japan announced a proposal for a "Partnership for Democratic Development" (PDD) which will provide assistance for institutional building which is vital for achieving democratic development in developing countries, in such areas as the legislative, governmental, electoral and mass media sectors. The PDD also promotes cooperation which is directly in line with the goals of NGOs and the people of developing countries. Japan continues to provide active assistance to countries that are making efforts to improve human rights situations in the spirit of partnership.

E. Nuclear Safety in Asia

It is expected that the use of nuclear energy will be increased in the Asia-Pacific region. It is essential that nuclear safety be ensured and enhanced in this region. In order to further the efforts by the countries of this region and promote international cooperation, Japan will sponsor the Tokyo High-official Conference on Nuclear Safety in Asia this November.

F. Population and AIDS

Japan has taken a serious approach to the issues of population and AIDS. While coordinating with the United States to implement US\$3 billion in cooperation for developing countries over a seven year period from FY1994, Japan has already achieved approximately US\$1 billion during the first two years (FY1994-FY1995) amounting to one-third of that total. Japan will continue to make efforts to reach the entire goal. With an emphasis on supporting human resources development in developing countries in this area, Japan has organized seminars for government officials in the Asia-Pacific region who are engaged in addressing the issue of HIV/AIDS.

G. Narcotic Drugs

Japan is promoting active international cooperation including its proposals such as "action to strengthen international cooperation to control stimulants" and a "seminar on maritime drug control in the Asia-Pacific region" in the UN Commission on Narcotic Drugs.

IV. Initiative on Trade

A. Trade and Environment

The issue of trade and environment is now being discussed in the WTO with a view to reporting to the WTO Ministerial Conference in December. Japan has submitted a proposal on guidelines to make trade-restrictive measures pursuant to multilateral environmental agreements compatible with the WTO Agreement.

B. Cooperation on China's Accession to the WTO

China's early participation in the open multilateral trading system under the WTO is important from the perspective of integrating China into the international rules and strengthening the WTO system, as well as in light of the prosperity and stability of the Asia-Pacific region and the entire world. While Japan continues to call on China to meet the requirements under the WTO Agreement and to make clear commitments such as improving China's economic and trade regime and market access, Japan believes that it is necessary to respond positively when China makes positive movements. Japan intends to make such efforts as extending technical assistance and promoting dialogue with China in order to facilitate China's early accession to the WTO.

Japan: Article Views Role of G-7 in Post-Cold War World

OW0207044596 Tokyo ASAHI SHIMBUN
in Japanese 30 Jun 96 Morning Edition p 1

[Article filed from Lyons, France by Yoichi Funabashi, ASAHI SHIMBUN's Washington Bureau chief: "No Visible Order in Era of New Powers — After the Cold War, Summit Has Strong Social Tint"]

[FBIS Translated Text] It was the French turn to host. Here, just as everyone would expect, the world was discussed in conceptual terms because, after all, France exists because Descartes existed. The main theme of the Summit this year was "globalization for everyone."

Since the Cold War a new world has been born and the information/communications revolution has united the world. At this summit some of the participating countries placed the content of their briefings on the Internet.

But when it comes to "globalization," there are two aspects, light and shadow. The rapid liberalization of economies and the technological revolution have produced the "weak" and the "strong" in the world, both in the North and in the South. Just before the summit began, the "Sumitomo Scandal" was disclosed, and a terrorist attack against the United States in Saudi Arabia occurred, an attack which was seen as an offense committed by an extremist Islamic group. In these events is revealed the danger that a "globalized" jungle could emerge.

The discussion of the leaders, however, did not go deep. One of the sherpas said that "there are too many topics for discussion, so...."

In fact, there may have been hidden intentions for discussing "globalization."

Was it to restrain east Asia, China in particular, which has been rapidly increasing its power through "globalization" of the market? Or was it to divert attention from the immediate and serious problems of the "forming of regional blocks" (for instance the European Union) and "disintegration" (for example, the ethnic disputes in Bosnia)? Or was it a preliminary move to restrain the "globalization of people," in other words, immigration - about which the European countries have been very sensitive? Or rather, in a completely opposite manner, was it to utilize the G-7 to apply external pressure to stem such tendencies? This scenario was written by France. There must have been some slight of hand.

This is the seventh summit since the Cold War ended. Each country has had a turn. The new dynamics and direction of international politics which have emerged during that time have become more clearly visible at this latest meeting.

One of them is the arrival of a "new power era." This time, the Russian diplomats referred to the G-7 itself as the P-8 (eight power structure). The character of the summit has been changed further to one of a structure which includes Russia. Former U.S. Presidential Adviser Brzezinski advocates a G-11 which would include China, India, and Brazil.

He claims that the summit should reflect the "reality of international politics." But the Russian domestic political situation is too unstable, and, as for China, the summit countries are not in step in regard to a method for "taking in" the Chinese. The order of the new power structure has not yet emerged, and the interest in social problems has increased. The summit, which was launched in the 1970's as an economic summit, increased its character as a political summit during the 1980's. In the 1990's, it has begun to take on the

coloring of a social summit, displaying an interest in the environment, labor, welfare, crime, education, and so on. Not stopping at "the strengthening of civil society" (economic declaration) for the poor countries, it has stressed the recognition that "an investment in people is as vitally important as investment in capital" (the same economic declaration) for the wealthy countries. Here is revealed a desire to restore societies which were caught in the cross fire and which were weakened by the excesses of the market and governments during the Cold War confrontation of the capitalist and socialist systems. It is as if "social capital" has become a necessity after the demise of Marx's "capital."

In the process, the borderline between the claims of conservatives and progressives has become blurred in every country. The main political parties in every country seem to be turning into "parties of fellow countrymen" which contain more elements of nationalism. The characteristics of this year's U.S. presidential election, a "confrontation of the center against the middle (a confrontation between middle-of-the-roaders whose claims have no difference)" can apply to other countries. The situation of financial difficulties is also a cause for the narrowing of policy choices.

Japan this year was a "convalescent power." Although it has finally emerged from the long tunnel of its slump, its economic steps are still unsteady. It is also possible that the consumption tax hike could become a factor creating a disturbance in both the political and economic areas. Japan and the world feel impatience and irritation since they can not determine what it is that they want from Japan beyond the "recovery of stability."

The summit also ended without fulfilling another Japanese mission, that being to reflect the concept and possibilities of an Asia Pacific frontier. Unhappiness is rising in Asia because the "Asian countries are entering the ranks of the 10 big trading countries in the world, yet Japan is the only one of them to be included in the G-7. We are active on the world stage, but are still confined to a regional stage" (according to former Singapore Ambassador to the United States Tommy Koh). Japan's weak presence at the summit will intensify such Asian unhappiness even further.

The leaders praised the beauty of Lyons, where the plane trees lined the streets in an orderly manner. They ate the food prepared by the best chefs in town with much gusto. Accompanying senior officials from each country even made it to the famous restaurant in the neighborhood, that of Paul Bouquise. There was a thick layer of tradition and wealth. Together, the leaders must have shared a desire to maintain this kind of wealth found in the advanced countries. To hold on together

to the comfort of the status quo.... This all could have been an artful production by France.

Japan: Editorial Discusses Results of G-7 Summit

OW0207025196 Tokyo MAINICHI SHIMBUN
in Japanese 1 Jul 96 Morning Edition p 5

[Editorial: "The Most Important Thing Is To Put Your Own House in Order"]

[FBIS Translated Text] The summit of the leaders of the advanced nations is over. The declaration can be seen both as a statement of boundless dreams for the great benefits that economic globalization will bring, and a painful appeal for the negative side of this process.

The G-7 summit expressed satisfaction with the seven nations' own efforts in promoting globalization and professed a commitment to further propel this process. The G-7 nations confirmed that there is no turning back in this process. However, they failed to come up with new concrete steps to deal with problems. The real problems arising from globalization are yet to come. While it is possible to predict future problems, it is no easy task to prevent them at this point.

The fact that the term "international coordination," consistently used in the past 10 years to emphasize the G-7's close relations, was changed to "international cooperation" in the current summit is symbolic of this. With globalization, it will not be effective to coordinate only among the seven nations. This summit admitted that the relative weight of the G-7's power in the world will continue to diminish from now on. That the G-7 nations must move toward taking in Russia is also meant to be remedy this situation.

As a result of the globalization that they themselves promoted, the G-7 summit is indeed becoming less important. The active holding of summit meetings by such regional groups as APEC [Asia-Pacific Economic Cooperation], NAFTA [North American Free Trade Agreement], and the EU, and increasingly closer ties between regional groups have also made the G-7 summit less of a rare commodity. With the new problem of globalization, the G-7 must continue to give the world direction, while its own *raison d'être* is being questioned to a much more serious extent.

After reaching such a general conclusion, the summit also discussed specific issues. It agreed that continuous growth is necessary to expand employment in the world. Toward this end, there is a need for programs to promote fiscal health and anti-inflation policies. Therefore, the summit called for the implementation of low interest rates. This is because the G-7 hopes that stable exchange rates will contribute to correcting trade imbalances and

to the development of commercial activities. When it comes to specific issues, internal problems of the G-7 are understated.

In the case of Japan, this should mean that it must avoid maintaining the present yen exchange rate, maintaining the official discount rate of 0.5 percent, and a major supplementary budget this fall. Yet, this is an interpretation based on the concepts of the old era of "coordination." It used to be an accepted premise that effective management of the world economy could be achieved by the coordination of macroeconomic policies among the G-7 nations through the summit. Today, this has become a bad habit. What low interest rates and expansive fiscal policies in the name of international coordination achieved for Japan was an unprecedented bubble economy and enormous national debts. The same mistakes must not be repeated, as Japan is still suffering from the aftereffects of such past policies.

It is important to affirm that, while cooperation is necessary, this is not an era where coordination must be undertaken even at the expense of sacrificing one's own interests. Furthermore, this is also not an era where issues discussed at the summit or during individual meetings between the national leaders are treated as sacred and exaggerated as international commitments. What the leaders indicated is a general direction and a common understanding. Each nation can decide how these can be translated into concrete action in its own country. In the first place, the present economic declaration does not give nearly as much weight to specific issues as to general concepts.

In that sense, in more concrete terms, Japan needs to give importance to the general conclusion on globalization arrived at during the summit — that each nation should put its own house in order to prepare to face major problems in the future — and raise its interest rates as soon as possible to return its economy to normalcy. The summit declaration laments that "our economies have not had the resilience and adaptability that they ought to have." The wisest thing to do is to acquire these two qualities as soon as possible.

Japan: Editorial Comments on Changing G-7 Summit

OW0207043296 Tokyo ASAHI SHIMBUN
in Japanese 30 Jun 96 Morning Edition p 5

[Editorial: "Summit Is Changing Into G-8"]

[FBIS Translated Text] Lyons in central France stands at the point where the rivers Rhone and Soane meet and start the journey as one river toward the Mediterranean. It seems that, although vague, the Group of Seven (G-

7) industrialized nations' summit, which held its fourth meeting in this city, has found its future course.

The Lyons summit announced a slogan designed to focus on global issues that are becoming serious problems in the post-Cold War world. Since the Lyons summit was held during Russia's presidential election, a growing number of people believe that the G-7 summit will turn into "G-8."

Russia became a focal point of discussion at the Lyons summit despite the absence of President Yeltsin. This is because the G-7 member nations did not want to return to the Cold War era.

The leaders had heated discussions over the situation in Russia, which could be taken as a violation of Russia's domestic affairs. Incorporating into an economic statement their support for "political reform and democracy in Russia," the G-7 leaders gave de facto support to President Yeltsin.

The policy of attaching importance to Russia was reflected in management of the summit. Although economic discussions were restricted to the G-7 member nations, Russian Prime Minister Chernomyrdin exchanged views on cooperation with the leaders of the seven nations at political discussions, and newly started meetings to talk about environmental issues, nuclear power safety, terrorism, and other issues.

At a news conference held after announcement of the economic statement, French President Chirac, who acted as chairman at the Lyons summit, welcomed Russia's participation in discussions of broad issues, saying: "It is a matter of fact for Russia to join the discussions on important global issues."

The summit started in 1975 to deal with the economic crisis caused by the oil shock. It was called the economic summit or the G-7 summit.

With the Soviet Union's invasion of Afghanistan as a turning point, the summit increasingly gained a political coloration to "unite the Western countries." However, the political significance of the summit died out after the end of the Cold War. We are certain that the G-7's move to become G-8 will grow strong as long as Russia continues to promote reform.

A main topic at the economic discussions was how to deal with such issues as unemployment, growing disparities in wealth, and poverty in developing countries. These are issues brought about by economic "globalization."

Following improvements in the area of information communication and the introduction of liberalization

measures in each country, economic activities — including corporate production activities, trade, and financing — are expanding across the border and mutual reliance among countries is becoming stronger than before.

The G-7 leaders expressed their support for China becoming a member of the World Trade Organization (WTO) because it is no longer possible to keep the world together without China. China's participation in the international community is important not only for strengthening the WTO but also for global security.

It is a matter of course for the G-7 member nations to incorporate into the economic statement their support for poor nations, which have been left out of the development of the world economy. However, they failed to spell out concrete prescriptions to counter the negative effects of economic globalization. They also disclosed the incompetency of the summit.

World tension will grow and we will not be able to eliminate terrorism or conflicts unless the summit stops the growing disparity in wealth.

The G-7 may become G-8. But this change alone is not sufficient to deal with the negative effects of economic globalization. Speaking from a wider perspective, continuation of the industrialized nations' summit itself may be endangered. "Globalization" contains such contradictions. Concrete future visions — such as giving back the fruit of economic growth to developing countries by creating new employment or by introducing income redistribution measures — must be spelled out if the summit, which acts as a watershed, continued to give priority to development of the entire world economy.

Without such vision, people's dissatisfaction can develop into protectionism, which is harmful to the market economy.

Japan: Editorial on Settlement of Bilateral U.S. Economic Issues

*OW0107120596 Tokyo YOMIURI SHIMBUN
in Japanese 29 Jun 96 Morning Edition p 3*

[Editorial: Top Leaders of Japan, U.S. Urged to Display Economic Leadership]

[FBIS Translated Text] At a Japan-U.S. summit meeting held in Lyons, both countries agreed to settle semiconductor and insurance disputes, which are pending economic issues, by the end of July.

President Clinton called for early resolution of economic problems — which are in a much different situation from that existing in the field of politics, including bilateral security — and the prime minister agreed.

Building a close bilateral relationship will not only benefit the two countries but also contribute to the peace and prosperity of the entire world. It is, therefore, indispensable to settle pending economic problems. We hope the leaders of both countries will display their leadership aimed at settling the issues by the end of July.

One factor that makes negotiations on these two economic issues tricky is the U.S. presidential election.

The U.S. semiconductor industry and insurance firms, which exert strong influences in major political districts, asked the U.S. Government to secure their vested rights in the Japanese market.

Accordingly, the U.S. Government is insisting on an extension of the Japan-U.S. semiconductor agreement, which is to expire at the end of July. The U.S. Government is also continuing to oppose the sale of nonlife insurance by subsidiaries of Japanese life insurance companies from October.

The Japanese Government argues, however, that "the situation surrounding the semiconductor industry has significantly changed due to expanding mutual cooperation among Japanese, U.S., European, and Asian manufacturers in the fields of development and manufacturing." Because of this and other reasons, Japan is making a proposal designed to negotiate after the bilateral semiconductor accord expires either in multinational governmental talks that include Japan, the United States, and European nations, or in private-sector talks.

European nations also support the idea of setting up a multinational negotiations body, saying that a bilateral accord, which could lead to unilateral punitive measures, contravenes the rules of the World Trade Organization (WTO) that promotes multilateral free trade. But the U.S. Government is adamant about sticking to the bilateral accord.

As for the insurance dispute, the United States interprets the 1994 Japan-U.S. insurance agreement in favor of U.S. insurance companies. Japan offered a conclusion in which the plan for sales of nonlife insurance would be postponed until January. But the United States remains resolute, insisting that Japanese subsidiaries of life insurance firms "should not be allowed to start selling nonlife insurance during the one-year monitoring period and following transition period of at least three years."

We can understand the Clinton administration's dilemma. If it shows a weak stance against Japan, U.S. industries and companies will be furious, and the president will face a barrage of criticism from his Republican opponent in the presidential race.

On the other hand, if the administration adopts an unbending attitude on the trade disputes, it will not only increase antagonism in Japan but also damage the reputation of the United States as the free-trade leader. This will surely bring about a negative outcome over the long range.

Prime Minister Hashimoto said during the meeting that the disputes should be "settled with concessions from both sides." The deadline is only one month away and both countries should make a supreme effort to come up with concessions.

The two leaders also exchanged views on Russia, the Korean peninsula, and other international and regional problems. Although the president did not agree with the prime minister's proposal to allow China to join the WTO, they did agree in principle to work closely together.

The Lyons meeting was their third since the two leaders met in Santa Monica, California, in February. A fourth meeting has been scheduled for when Hashimoto attends the UN General Assembly in September.

Frequent meetings between the leaders of Japan and the United States are welcome development. They should keep up their "constant dialogues" to not only deal with political and economic problems but also to further broaden relations between the two countries.

Japan: Hashimoto Thanks French President for G-7 Hospitality

OW0207092696 Tokyo KYODO in English
0845 GMT 2 Jul 96

[FBIS Transcribed Text] Tokyo, July 2 KYODO — Prime Minister Ryutaro Hashimoto telephoned French President Jacques Chirac on Tuesday to thank him for the hospitality extended during last week's Group of Seven summit in Lyons, a foreign ministry official said.

During the 15-minute phone call, Hashimoto promised to reciprocate with hospitality during Chirac's state visit to Japan beginning Nov. 17.

Chirac's visit to Japan had been scheduled for this spring, but was postponed after bilateral relations became strained following a series of French nuclear tests in the south Pacific from September last year to January this year.

Japan: Announcement on UN Disarmament Conference in Hiroshima

OW0107235096 (Internet) Japanese Ministry of Foreign Affairs WWW in English 28 Jun 96

[Ministry of Foreign Affairs announcement on 26 June on the Third United Nations Conference on Disarmament Issues in Hiroshima]

[FBIS Transcribed Text] 1. The Third United Nations Conference on Disarmament Issues in Hiroshima will be held from July 17 (Wednesday) to 20 (Saturday) in Hiroshima City. The conference is sponsored by the United Nations, with the support of the Ministry of Foreign Affairs, the Prefecture and City of Hiroshima, and others. This is the eighth U.N. Conference on Disarmament Issues to be held in Japan. There were three Conferences of this kind in Kyoto, including the First Kyoto Conference in 1989; as well as two in Hiroshima and one each in Sendai and Nagasaki.

2. The participants will number about 40 from all over the world, including government officials, diplomats, and scholars, in a personal capacity. Japanese participants include Foreign Minister Yukihiko Ikeda as the Japanese Government representative, and those from academic circles, mass media and non-governmental organizations. Mr. Ikeda will make a speech at the opening ceremony of the Conference.

3. The theme of the forthcoming Hiroshima Conference will be "Common Efforts toward a Safer and Nuclear-Weapon-Free World". There will be discussions on further measures for nuclear disarmament, cooperative security measures, conventional weapons security and disarmament in the Asia-Pacific region, and other matters.

4. At a time when international efforts in the field of arms control and disarmament have become increasingly important, the Government of Japan considers it extremely significant and timely that the U.N. Conference on Disarmament Issues is being held again in Japan to discuss such matters as the importance of nuclear disarmament and regional dialogue. It supports this Conference from the viewpoint of actively contributing to U.N. activities in the field of disarmament, and hopes that fruitful results will be achieved through lively discussions at the Conference.

Tokyo Unhappy With Condition for CTBT Implementation

OW0207092496 Tokyo MAINICHI SHIMBUN in Japanese 30 Jun 96 Morning Edition p 3

[FBIS Translated Text] Comprehensive Test Ban Treaty (CTBT) negotiations at the Geneva Disarmament Con-

ference ended on 28 June. The Japanese Government is distressed: it believes that "the fact that CTBT ratification by India and two other countries that are not even members of the Nuclear Nonproliferation Treaty (NPT) is being set as a condition for the CTBT to take effect is regrettable. By including countries that have declared their refusal to sign the CTBT as a condition, the treaty will not go into effect in the foreseeable future" (according to a senior Foreign Ministry official).

There was fierce confrontation among CTBT participants. The UK, Russia, and the PRC insisted that ratification by the three potential nuclear powers — India, Pakistan, and Israel — be set as a condition for treaty implementation. On the other hand, Japan and the United States, which wanted the CTBT to take effect as soon as possible, asked that these three countries, which are unlikely to ratify the treaty soon, not be included as a condition.

In the end, the chairman's final proposal is a compromise between the two positions. It includes ratification by the three countries as a condition, but also stipulates that three years after the CTBT is signed, a meeting will be held yearly to discuss how to implement the treaty as soon as possible.

However, the Japanese Government takes a negative view, saying: "We can understand the attempt to pressure India and the other two countries into ratifying the treaty by international public opinion, but it is too idealistic" (according to the same Foreign Ministry official).

Japan: Editorial on Test Ban Treaty Negotiations

OW0207023596 Tokyo MAINICHI SHIMBUN
in Japanese 30 Jun 96 Morning Edition p 5

[Editorial: "CTBT Meeting Closed With Lingerin Anxieties About Its Implementation"]

[FBIS Translated Text] One important watershed dividing the post-World War II world and the era before that is the presence of nuclear arms.

The emergence of nuclear weapons turned a new page in military strategy. Postwar international relations cannot be discussed without going into the conflict between nations over nuclear arms.

Conflict of interests and opinions over nuclear arms continues even after the end of the Cold War. Humankind has a long and thorny path to tread before a "world without nuclear arms" can be achieved. Negotiations on the Comprehensive Test Ban Treaty (CTBT), which ended on 28 June, underscored this harsh reality.

The original plan was to adopt the draft treaty before the end of June, finish the signing of the treaty at the

UN General Assembly in late September, and have the CTBT take effect after the participant states ratify the document.

However, differences remained unresolved until the very end, and the meeting closed with the presentation of the chairman's final draft. Passage will have to wait for the next meeting of the Disarmament Conference in late July.

India and a number of other states are very likely to refuse to sign the CTBT; therefore, the treaty may not even take effect. In the chairman's draft, ratification by the five nuclear powers, as well as India, Pakistan, and Israel — countries suspected of possessing nuclear arms — is the condition for the CTBT to take effect.

Although the CTBT negotiations were not totally satisfactory in that implementation of the treaty remains uncertain, it is not of little significance that the majority of the world's nations, including the nuclear powers, have come to an agreement on a complete ban on nuclear tests.

The partial test ban treaty of 1963 prohibits nuclear testing in the atmosphere, underwater, and in outer space. However, underground tests have continued to take place. The CTBT is intended to ban even underground tests to bring an end to all experiments conducted with a nuclear explosion. The objective is to protect the earth's environment, and to preclude the development of new nuclear warheads by the nuclear powers and the holding of performance tests on nuclear warheads by the suspected nuclear powers.

The post-Cold War world faces three problems with regard to nuclear weapons: promotion of nuclear disarmament, nonproliferation of nuclear weapons, and the ultimate goal of complete destruction of nuclear arms.

The reason for India's refusal to sign the draft CTBT is its misgiving that the CTBT, like the nuclear Non-Proliferation Treaty (NPT), will only result in a permanent advantage for the nuclear powers. It advocated that "a deadline for the destruction of nuclear weapons be written into the CTBT." However, with lingering suspicions about its possession of nuclear arms and its refusal to participate in the NPT, India's argument for the destruction of nuclear arms was not convincing.

If India refuses to sign the treaty, the CTBT will not take effect even if a great majority of nations sign and ratify the document. The conditions for implementation of the treaty will be reconsidered in three years.

On the other hand, if India affixes its signature, it is said that Pakistan and Israel will also follow suit. India holds the key to the fate of the CTBT.

In the 1950's, the late Prime Minister Nehru advocated a comprehensive ban on nuclear testing. We hope that India will retrace its steps, revert to Nehru's philosophy, and demonstrate its wisdom as Asia's leader.

If implementation of the treaty is deferred due to the refusal of India and other countries to sign the treaty, the nuclear powers and nonnuclear powers like Japan should proceed with the signing and ratification of the CTBT, and continue to put pressure on the nonsignatories. Needless to say, the nuclear powers should not resume nuclear testing.

It is said that the United States and Russia possess the technology for testing warheads through laboratory experiments, which do not require nuclear explosions. Such experiments are not covered by the CTBT and it will be impossible to detect them. If only to eliminate suspicions among the nuclear powers, this type of technology should be placed under the management of an international organization, and efforts should begin to create a framework for the disclosure and sharing of such technology.

Tokyo Hopes DPRK Remains Committed to Nuclear Conversion

OW0207121396 Tokyo KYODO in English
1130 GMT 2 Jul 96

[FBIS Transcribed Text] Tokyo, July 2 KYODO — Japan hopes North Korea will remain committed to working to convert its suspected nuclear program to peaceful purposes, a foreign ministry spokesman said Tuesday.

Spokesman Hiroshi Hashimoto made the pitch at a press conference, referring to Pyongyang's threat Monday to lift a freeze on its nuclear program, allegedly aimed at developing nuclear weapons, if the United States fails to keep its promise to supply heavy oil.

Under a 1994 nuclear accord reached between the U.S. and North Korea, Washington is to provide Pyongyang with 500,000 tons of crude oil, worth \$50 million, each year until two light-water reactors are built in the communist state.

Hashimoto expressed hope that North Korea will continue to pitch in with the Korean Peninsula Energy Development Organization (KEDO), an international consortium formed in March 1995 to supply Pyongyang with the two modern reactors.

"We hope North Korea will promote cooperation with KEDO to resolve this issue and play a constructive role in implementing the U.S.-North Korea accord," he said.

North Korea said Monday it will have to "reconsider" its nuclear freeze unless the U.S. supplies crude oil as scheduled. It made the statement through its official media in response to a move in the U.S. to decrease the amount of oil it must supply.

Japan: Management Agency Chief To Observe Disputed Islands

OW0207051896 Tokyo KYODO in English
0426 GMT 2 Jul 96

[FBIS Transcribed Text] Tokyo, July 2 KYODO — Management and Coordination Agency Director General Sekisuke Nakanishi said Tuesday he will view from Hokkaido on July 17 a group of Russian-held islands claimed by Japan.

It will be the first time a chief of the agency has observed the islands since Nakanishi's predecessor Takami Eto did so in November last year.

The islands, which lie to the east of Hokkaido, are known in Japan as the "Northern Territories" and comprise Kunashiri, Shikotan, Etorofu, and the Habomai group of islets.

The former Soviet Union seized the islands from Japan in the closing days of World War II.

Nakanishi, who also heads the government's headquarters coordinating policy on the islands, told a press conference that he will view the islands from Cape Nosappu, the most easterly part of Japan's northernmost main island of Hokkaido.

Much of the disputed territory is visible from the cape on a clear day.

Nakanishi said that on July 18 he will observe a local junior high school social studies class on the topic of the islands.

Meanwhile, on Wednesday, Hokkaido Development Agency Director General Saburo Okabe will also observe the islands from a boat off Nemuro, a city on Cape Nosappu.

Japan: Former Prime Minister Nakasone Leaves for Talks With Chirac

OW0207065496 Tokyo KYODO in English
0622 GMT 2 Jul 96

[FBIS Transcribed Text] Tokyo, July 2 KYODO — Former Prime Minister Yasuhiro Nakasone left Tokyo on Tuesday for Paris for talks with French President Jacques Chirac on Russia, China and the European Union's relations with Japan.

Aides said Nakasone will attend a luncheon hosted by Chirac on Wednesday and confer with the president Thursday as part of his trip to France.

He is also scheduled to meet with other political and economic leaders while in Paris, the aides said.

Nakasone is scheduled to return to Tokyo on Sunday.

Japan: Environmental Sector Economic Cooperation

OW0207010396 (Internet) Japanese Ministry of Foreign Affairs WWW in English 1 July 96

[Report on Japanese Economic Cooperation in the Environmental Sector by Economic Cooperation Bureau under the Ministry of Foreign Affairs; June 1996]

[FBIS Transcribed Text] The commitment had been announced by then-Prime Minister Kiichi Miyazawa at the 1992 Rio de Janeiro United Nations Conference on Environmental Development (UNCED). In the statement, Mr. Miyazawa said that the Government of Japan would broadly expand and strengthen its environmental aid and that the volume of such assistance over the five years beginning in FY1992 would be around 900 billion yen to 1 trillion yen.

The Government of Japan has made public that the total value of environmental aid given over four years from FY1992 was approximately 980 billion yen. This shows that the Government of Japan has achieved its commitment at UNCED one year ahead of schedule.

1. Type-Specific Results (Provisional values for FY1995)

(Unit: 100 million yen)

Fiscal	Grant	Loan	Technical	Multilateral	
Year	Aid	Aid	Assistance	Assistance	Total
1992	310.6	2212.5	174.1	105.7	2,803
1993	377.1	1526.5	214.1	162.0	2,280
1994	414.3	1055.7	218.7	253.3	1,942
1995	422.1	1692.2	240.0	416.9	2,771
Total	1524.1	6489.9	846.9	937.9	9,796

(Note) Grant aid and loan aid have been calculated on an exchange of notes basis. Technical assistance is calculated on a Japan International Cooperation Agency (JICA) actual expenditures basis. Multilateral assistance is based on contributions, etc., made to international organizations.

2. The Definition of Environmental Official Development Assistance (ODA).

(The following variety of sectors are subject to the environmental ODA.) 1. Improvement of the residential environment (water supply and sewage systems, disposal facilities). 2. Pollution control measures (air pollution, water pollution). 3. Forestry conservation. 4. Disaster prevention (flood prevention). 5. Natural environment conservation.

3. Examples of FY1995 Bilateral Assistance in the Environmental Sector:

India — Gujarat Afforestation and Development Project (Loan aid) Bulgaria — Industrial Pollution Project in Plovdiv (Loan aid) Indonesia — The Biodiversity Conservation Project (Grant aid) Egypt — Project for Improvement of Solid Waste Management in Alexandria

City, Phase II (Grant aid) Zimbabwe — Water Pollution Control Project in the Upper Manyame River Region (Development study) Chile — The Master Plan Study on Industrial Solid Waste Management in the Metropolitan Santiago Region in the Republic of Chile (Development study) PRC — The Japan-China Friendship Environmental Protection Center (Project-type technical cooperation) Mexico — The National Center for Environmental Research and Training (Project-type technical cooperation)

4. Multilateral Assistance:

Activities which have the support of the Government of Japan include the following: international organizations such as the United Nations Environment Program (UNEP), which assists in the environmental protection of developing areas, International Tropical Tim-

ber Organization (ITTO), Food and Agriculture Organization (FAO), Consultative Group on International Agricultural Research (CGIAR) receive monetary contributions. Furthermore, Japan makes contributions to the environment-related funds in such international development banks as the World Bank and the Asian

Japan's Environmental ODA Measures

(1) Background In its Official Development Assistance (ODA) Charter, Japan has announced that the conservation of the environment is one of the basic aims of Japanese assistance, and has actively supported efforts toward the realization of sustainable development in developing nations.

At the Arch G-7 Summit in 1989, the Government of Japan publicly stated that it would aim to expand and strengthen aid in the environmental sector to approximately 300 billion yen in a three-year period beginning FY1989, and achieved those ends.

Furthermore, at the June 1992 United Nations Conference on Economic Development (UNCED), the Prime Minister of Japan stated his government's intention to broadly expand and strengthen aid in the environmental sector to between 900 billion yen and 1 trillion yen during a five-year period beginning FY1992.

(2) Achievements

(a) Aid between the four-year period from FY1992 to FY1995 has reached approximately 980 billion yen by the end of March 1996, resulting in an achievement of the goal one-year ahead of the UNCED-announced schedule.

(b) Specific areas subject to Japan's environmental ODA include improvements of residential environment (water supply and sewage systems, disposal facilities), disaster prevention (through flood prevention, etc.), forestry conservation, pollution control measures (air pollution, water pollution), energy conservation, and nature conservation. Furthermore, the Government of Japan has placed emphasis on improving the ability of developing nations to put into practice effective measures which deal with the issues of the environment. This includes measures such as the fostering of human resources through support for the establishment and management of centers for environmental research and training in Thailand, Indonesia, the People's Republic of China, Mexico and Chile.

(c) The following measures are in place to pay attention to environmental consideration to the implementation of aid. They include: annual consultations in which the Government of Japan transmits its emphasis on environmental considerations to the aid-recipient nation, as well

as the emphasis of environmental considerations at the various phases of a project, including the selection of individual projects, its implementation, and evaluation. For example, these include the observation of regulations on emission standards in the developing nation, as well as the stipulation that these projects must take place outside of the legally established nature conservations districts of the developing nation.

Furthermore, the various aid implementing agencies and organizations are working to strengthen environmental consideration measures in various forms. In order to implement environmental consideration measures at the earliest possible stage and in the most effective manner possible, JICA and the Overseas Economic Cooperation Fund (OECF) have drawn up Environmental Guidelines which study from various angles potential environmental impacts a particular project may have.

(d) The Government of Japan commenced with the dispatch of policy dialogue missions (on environment problems) since 1989, and have thus far sent missions to a total of ten nations in Central and South America, South-East Asia, East Africa and South-West Asia.

With regard to the People's Republic of China, an environmental mission was dispatched with Hiroshi Hashimoto, former Ambassador to the People's Republic of China as the head of the delegation. Furthermore, in May of this year, the first Japan-China Comprehensive Forum on Environmental Cooperation took place.

(3) Future Policy

(A) Since there are shortages of personnel in the environmental sector in developing countries, there is a need to foster human resources through such means as assisting the aforementioned centers for environmental research and training alongside cooperation in the various projects.

(B) The recognition of the importance of environmental conservation is heightening in the developing nations. However, it is necessary for Japan to actively work to tie the heightened awareness to requirements in individual plans. One of the more effective measures to achieve this end is through policy dialogues such as dispatching environmental missions.

(C) Traditionally, the emphases of environmental ODA have been improvements of residential environment (water supply and sewage systems, waste processing), and disaster prevention (through flood prevention, etc.). In the future, the Government of Japan would like to strengthen cooperation in not only the aforementioned areas, but also in pollution control measures, forestry conservation, nature conservation and energy saving.

Japan: Hashimoto To Give Priority to Sustaining Economic Growth

*OW0107091096 Tokyo KYODO in English
0652 GMT 1 Jul 96*

[FBIS Transcribed Text] Tokyo, July 1 KYODO — Prime Minister Ryutaro Hashimoto, fresh from the Lyons Summit of Group of Seven nations, will give top priority to domestic measures aimed at sustaining economic growth, his aides said Monday.

Hashimoto plans to hold a meeting of cabinet ministers concerned Friday to review the present system of putting ceilings on budget requests from government ministries and agencies, the officials said.

The budget for fiscal 1997 which starts April 1, will see greater emphasis on appropriations for scientific research and development, they said.

Hashimoto hopes to make a decision on how to tackle the next budget by the end of July, the officials said.

They said attention is also focused on whether to compile a supplementary budget to prop up the domestic economy for introduction at an extraordinary session of the Diet expected to be convened in October.

A senior official of the ruling Liberal Democratic Party (LDP) stressed the need for an extra budget totaling 3 trillion yen.

The official expressed concern that spending on public works projects will shrink toward the end of this year due to the front-loading of outlays, with an adverse impact on the recovery.

Hashimoto also is faced with the major task of implementing fiscal reforms to reduce the budget deficit, the officials said.

The balance of outstanding government bonds is projected to rise to 241 trillion yen at the end of fiscal 1996.

Hashimoto has described fiscal reconstruction as an urgent task but economic recovery is equally important, the officials said.

They said the government and the ruling coalition, led by the LDP, must also make a decision on whether to continue income tax cuts next year to allay public criticism of a consumption tax hike from the present 3 percent to 5 percent next April 1.

The LDP and two coalition partners are concerned over what impact the consumption tax hike may have on voters at the next general election for the House of Representatives, which may take place toward the end of this year, the officials said.

The current four-year term for lower house members is due to expire in summer next year, but political analysts predict it may take place as early as late this year.

Japan: MOF To Judge Economic Recovery by 2d Quarter GDP

*OW0207045496 Tokyo KYODO in English
0402 GMT 2 Jul 96*

[FBIS Transcribed Text] Tokyo, July 2 KYODO — The Ministry of Finance [MOF] will judge whether the current economic pickup is a full-fledged recovery by the Gross Domestic Product (GDP) figures for the April-June period, Finance Minister Wataru Kubo said Tuesday.

Speaking at a regular press conference after the day's Cabinet meeting, Kubo said that judging by the GDP figures for the January-March quarter, the recovery seems to be going smoothly.

"It will be very important how the performance in the April-June period shows up in the GDP statistics," he said.

The second-quarter GDP figures will be reported in September.

Kubo also said a government plan for doubling the budget of science programs to 17 trillion yen for the next five years was approved by the Cabinet members during their morning meeting.

With the current tough financial situation, the ministry will carefully examine how the plan can be implemented from now on, he said.

Japan: MOF Hopes Dollar-Yen Rates To Help Recovery

*OW0207121196 Tokyo KYODO in English
1118 GMT 2 Jul 96*

[FBIS Transcribed Text] Tokyo, July 2 KYODO — The Ministry of Finance [MOF] hopes the yen's recent downturn against the dollar will help promote recovery of the domestic economy, ministry officials said Tuesday.

The officials said the market trend reflects an agreement at the recent Lyon summit of the Group of Seven (G-7) major industrialized nations, reaffirming the importance of the stability of foreign exchange markets and the strong dollar.

The current foreign exchange movement reflect the fundamental economic factors in the respective countries and their basic monetary stance remains unchanged, a senior ministry official said.

The ministry is closely following Washington's monetary policy as the dollar's excessive decline against the yen would hurt U.S. exports, the officials said.

The officials, citing a recent survey by the ministry, said most export-oriented companies projected their business performance on the basis of the dollar's exchange rates at 100-105 yen during the first half of fiscal 1996, and the dollar's rise above these levels will help improve their business results and lift stock prices.

They said the ministry is concerned over inflationary pressure resulting from rising import prices and their effects on economic recovery.

Japan: BOJ Branch Managers Open Quarterly Meeting

OW0107012696 Tokyo KYODO in English
0051 GMT 1 Jul 96

[FBIS Transcribed Text] Tokyo, July 1 KYODO — Branch managers of the Bank of Japan (BOJ) began a two-day quarterly meeting Monday [1 July] morning in Tokyo to review regional economic conditions and monetary policy.

The central bank's 33 domestic branches and three representative offices in New York, London and Hong Kong are attending the session.

The meeting takes place at a time when financial markets are paying close attention to the BOJ to see if it will raise key interest rates amid growing signs of economic recovery.

In its latest quarterly "tankan" business sentiment survey released in June, the central bank said corporate confidence had continued to improve on increasing profitability.

The Economic Planning Agency (EPA) said in its June report that the economy stayed on a mild recovery track on growth in personal consumption as well as housing investment and capital spending.

Gross domestic product expanded a sturdy 12.7 percent in the January-March quarter on an annualized basis, the highest growth in more than two decades.

The strong showing led EPA officials to say the economy, which has been propped up by fiscal spending, is now entering a self-sustained recovery driven by private-sector demand.

However, employment remains a cause for concern, with the May jobless rate rising to a record 3.5 percent.

The BOJ has been saying its monetary policy will be focused for the time being on solidifying the ground of the current recovery.

At the previous meeting in April, central bank branch managers reaffirmed the moderate recovery trend of the economy.

BOJ Governor Yasuo Matsushita will hold a news conference Wednesday afternoon to sum up the central bank's view on the economic situation.

Japan: BOJ Head Hints at Continued Easy Monetary Policy

OW0107054996 Tokyo KYODO in English
0433 GMT 1 Jul 96

[FBIS Transcribed Text] Tokyo, July 1 KYODO — Bank of Japan (BOJ) Governor Yasuo Matsushita indicated Monday the central bank will maintain its easy monetary policy for the time being, saying the economy needs to strengthen further before it enters a self-sustained recovery phase.

"It is appropriate to carefully monitor developments in financial and economic circumstances, while putting emphasis on further solidifying the basis of economic recovery," Matsushita said.

Speaking at the opening of a two-day meeting of BOJ branch managers, Matsushita said the economy is still on a moderate recovery track amid brisk public spending and housing investment and rising personal consumption.

A recovery in capital investment is filtering from major manufacturers to nonmanufacturers and small businesses on the back of rising corporate earnings and improving business sentiment, he said, noting production is gradually picking up.

But the pace of economic turnaround remains slow, checked by pressures for structural adjustment of Japanese industry and other factors, Matsushita said.

"To further ensure transition to a self-sustained economic recovery, the current momentum needs to gain more strength and width," Matsushita said.

Interest rates have been at a historic low since the central bank last September reduced the official discount rate — which it charges on loans to commercial banks — to 0.5 percent.

Meanwhile, Matsushita noted a set of financial bills that passed the Parliament last month paved the way for liquidation of failed mortgage lenders, though financiers have yet to finalize extra commitments to reduce the taxpayers' burden for the initiative.

The government calls for taxpayers to provide 685 billion yen to help finance 6.41 trillion yen in losses stemming from dissolution of seven debt-ridden mortgage lenders.

Banks as well as agricultural financial institutions, the largest collective lender to the companies, are working to draw up plans for helping to lessen the taxpayers' burden.

The bills are also important for mapping out "a comprehensive framework for reconstructing the nation's financial system," Matsushita said, pledging that the central bank would extend necessary support for the framework.

Matsushita urged financial institutions to write off bad loans quickly, press ahead with restructuring, step up information disclosure and take other steps under the new framework to restore confidence at home and abroad.

On revision of the BOJ Law, Matsushita said the Bank of Japan will make an effort to help the society "broadly share understanding on how the central bank should be."

A ruling coalition task force produced a report last month vowing it would try to submit a bill for revising the 1942 law at the next regular parliamentary session beginning in January 1997.

The coalition is reviewing the law, which gives the Finance Ministry broad authority, amid intense criticism of the ministry's ineptitude in dealing with the mortgage fiasco.

Matsushita said the central bank will "actively contribute" to discussions at a planned study group on the BOJ Law that will report to the prime minister.

Japan: Private Firms' Contribution to 'Jusen' Fund Set

OW0107144596 Tokyo KYODO in English
1336 GMT 1 Jul 96

[FBIS Transcribed Text] Tokyo, July 1 KYODO — Private financial institutions agreed Monday to contribute 1,006 billion yen for a planned investment fund to cover losses expected to emerge in the process of recovering bad loans left after the liquidation of the seven failed "jusen" housing loan companies, banking officials said.

Major commercial banks, known as city banks, will contribute 506 billion yen, the officials said.

In addition, trust banks, long-term credit banks, regional banks will donate a total of 415 billion yen.

The remainder will be split into 50 billion yen for life insurance companies and 40 billion yen for securities houses, the officials said.

Profits from the management of the planned fund will be used to cover claims that will become uncollectible after a vehicle, to be created within deposit insurance corp.

To liquidate the jusen firms, begins collecting loans left by the mortgage companies.

The agreement on the amount of the fund is expected to be formalized July 12, the officials said.

Agricultural financial institutions and the bank of Japan have already decided to contribute some 20 billion and 100 billion yen, respectively, bringing the total amount of the fund to around 1,126 billion yen.

The seven housing loan firms have outstanding loans totaling some 13 trillion yen. The government-crafted "jusen" liquidation scheme estimates that 6.41 trillion yen will be uncollectible loans, such as those to bankrupt borrowers, and therefore should be treated as primary losses.

The vehicle, due to be created in deposit insurance corp. On July 19, will collect the remaining 6.6 trillion yen. But about 1.2 trillion yen of the sum is expected to become uncollectible, prompting the idea of creating the investment fund.

Yields from investment of the fund is said to finance only half of the 1.2 trillion yen loss with the remainder probably to be covered by public money.

Now that the amount of the fund is fixed, attention will shift to additional contributions among financial institutions to create another fund to reduce the use of 685 billion yen in taxpayers' money in covering the primary losses, financial sources said.

Japan: 'Jusen' Fund Talks With Insurers, Securities Firms

OW0207044096 Tokyo KYODO in English
0338 GMT 2 Jul 96

[FBIS Transcribed Text] Tokyo, July 2 KYODO — Negotiations have yet to begin between life insurers and brokerage houses on their contribution for a planned fund to cover further losses after the liquidation of seven failed "jusen" mortgage companies, a top government spokesman said Tuesday.

Chief Cabinet Secretary Seiroku Kajiyama made the remarks on media reports that private financial institutions agreed Monday to contribute 1,006 billion yen for the planned investment fund to cover losses expected to emerge in the process of recovering bad loans left after the housing loan companies' liquidation.

Banking officials said Monday major commercial banks, known as city banks, will contribute 506 billion yen, while trust banks, long-term credit banks and regional banks will donate a total of 415 billion yen, with the remainder being split into 50 billion yen for life

insurance companies and 40 billion yen for securities houses.

These figures are "pretty close," Kajiyama told a press conference, adding negotiations with the Norinchukin Bank is also under way.

Profits from the management of the planned fund will be used to cover claims that will become uncollectible after a vehicle, to be created within deposit insurance corp. To liquidate the mortgage companies, begins collecting leftover loans. [sentence as received]

Agreement on the fund size is expected to be formalized July 12, according to the banking officials.

Agricultural financial institutions and the Bank of Japan have already decided to contribute some 20 billion and 100 billion yen, respectively, bringing the total amount of the fund to around 1,126 billion yen.

The seven housing loan firms have outstanding loans totaling some 13 trillion yen. The government-crafted *juusen* liquidation scheme estimates that 6.41 trillion yen will be uncollectible loans, such as those to bankrupt borrowers, and therefore should be treated as primary losses.

The vehicle, due to be created July 19, will collect the remaining 6.6 trillion yen. But about 1.2 trillion yen of the sum is expected to become uncollectible, prompting the idea of creating the investment fund.

Yields from investment of the fund are said to finance only half of the 1.2 trillion yen loss with the remainder probably to be covered by public money.

Now that the amount of the fund is fixed, attention will shift to additional contributions among financial institutions to create another fund to reduce the use of 685 billion yen in taxpayers' money in covering the primary losses, financial sources said.

Japan: Former Head of 'Jusen' Debtor Failed To Declare Income

OW2906034696 Tokyo KYODO in English
0211 GMT 29 Jun 96

[FBIS Transcribed Text] Tokyo, June 28 KYODO — The founder of realty company Collins, which received huge dubious loans from a failed "*juusen*" housing loan company, and his relatives failed to declare a total of 1 billion yen in income between 1990 and 1994, sources familiar with the case said Saturday [29 June].

The Tokyo Regional Taxation Bureau has found some income went undeclared by Masao Kobayashi, 60, founder and former president of Collins, and five other executives, who included several of his relatives, the sources said.

The six people had used houses, villas and high-class cars owned by Collins and its subsidiaries, and the tax bureau has classified such use as income on which penalty taxes to be imposed. The amount of such taxes [original version read "of such income"] is likely to exceed 500 million yen, they said.

Some 760 million yen out of the 1 billion yen was used by Kobayashi alone.

Kobayashi still holds a majority of shares in the company but has been serving a jail term since June 1995 after being found guilty of evading 1.5 billion yen in corporate taxes.

Investigators raided offices of Japan Housing Loan Inc., a failed mortgage company, earlier this month.

Executives of Japan Housing Loan are suspected of having committed breach of trust for extending more than 4 billion yen in collateral-short loans to Collins and more than 1 billion yen to a golf course developer despite knowing both sets of loans likely could not be recovered, investigators said.

Japan Housing Loan is one of the seven moribund mortgage companies subject to a government liquidation scheme which calls for the use of 685 billion yen in taxpayers' money.

Japan: Cabinet Expected To Discuss Budget Structure, FY97 Ceilings

OW0207082796 Tokyo KYODO in English
0703 GMT 2 Jul 96

[FBIS Transcribed Text] Tokyo, July 2 KYODO — Prime Minister Ryutaro Hashimoto said Tuesday his cabinet will discuss Friday [5 July] how to reform Japan's ossified budgetary structure and set ceilings for fiscal 1997 budget requests.

He made the remarks at a session of leaders and executives from the government and the three parties in the ruling coalition — the Liberal Democratic Party (LDP), the Social Democratic Party (SDP) and New Party Sakigake, parliamentary deputy chief cabinet secretary Kazo Watanabe said.

Hashimoto called on participants in the meeting to make efforts so that Friday's unofficial cabinet meeting can discuss ways to achieve drastic improvements, without depending on bureaucrats' recommendations.

During Tuesday's gathering, chief cabinet secretary Seiroku Kajiyama asked the ruling parties to consider reviewing budgetary ceilings so as to avoid what occurred in fiscal 1995 and 1996, when barely 300 billion yen was allocated in the bulk public construction works budgets for the promotion of science and technology.

Kanezo Muraoka, LDP Diet affairs committee chairman, said much of the money had actually been used to construct related buildings, rather than for science and technology promotion itself.

Shigeru Ito, chairman of the SDP policymaking board, said the ruling alliance will study the ceiling issue by around July 15.

Ministries and agencies are to compile their requests for the next fiscal year state budget at the end of August.

On June 21, Hashimoto urged his cabinet to decide quickly what stance they would take on the ceilings for fiscal 1997 budgetary requests.

He called on ministers to tackle the economic problems facing Japan, as drawing up the budget for fiscal 1997 beginning next April is expected to be difficult because of continuing lower tax revenues and the heavy dependence of state finances on bond issuance.

In addition, the premier said that in the budget compilation process, he planned to review the public works budget and encourage promotion of science and technology in order to support the Japanese economic recovery.

Japan: Industrialist Says 'No Need' for Supplementary Budget

*OW0207111996 Tokyo KYODO in English
1014 GMT 2 Jul 96*

[FBIS Transcribed Text] Tokyo, July 2 KYODO — There is no need for a supplementary budget for the current fiscal year and instead attention should be focused on structural reforms of the domestic economy, a business leader said Tuesday.

Jiro Ushio, chairman of the Japan Association of Corporate Executives (Keizai Doyukai), told a news conference that the domestic economy is on a steady recovery path paced by strong private-sector demand.

"It would be better not to aim at a high growth rate by compiling a supplementary budget," he said, adding, "it's time to carry out structural reforms of the domestic economy in order not to further worsen the state finances."

Ushio's view conflicts with those of the Japan Federation of Employers Associations (Nikkeiren) and the Japanese Trade Union Confederation (Rengo), which have called for an extra budget totaling about 2 trillion yen.

Ushio, chairman of lamp maker Ushio Inc., defended the Bank of Japan's easy credit policy, saying the current level of interest rates is appropriate.

He said substantial spending cuts by the government should be a precondition for raising the consumption tax to 5.0 percent from the present 3.0 percent, effective April 1 next year.

Japan: EPA Chief Says Consumption Tax Rise To Push Up Prices

*OW0207045296 Tokyo KYODO in English
0355 GMT 2 Jul 96*

[FBIS Transcribed Text] Tokyo, July 2 KYODO — A hike in consumption tax next April to 5 percent from the current 3 percent will push up Japan's consumer prices by 1.5 percent, the nation's top economic planner said Tuesday.

The ongoing tax reforms program as a whole will help Japan's economy by boosting gross domestic product by around 0.7 percentage point, Shusei Tanaka, director general of the Economic Planning Agency (EPA), said.

He gave the projections at a regular press conference after the day's cabinet meeting.

Tanaka said the projection of the impact of the consumption tax hike is based on the assumption that all of the 2 percentage points increase in the tax rate is added to product prices.

"The agency will closely monitor price moves (when the new rate of 5 percent is introduced) and will watch out for any moves of raising prices that take advantage of the consumption tax," Tanaka added.

Japan: Shinshinto Lawmaker Vows To Scrap 5 Percent Consumption Tax

*OW2906122496 Tokyo KYODO in English
1122 GMT 29 Jun 96*

[FBIS Transcribed Text] Sapporo, June 29 KYODO — A senior lawmaker of the main opposition party Shinshinto (New Frontier Party) pledged Saturday [29 June] to scrap a planned consumption tax hike if the party takes the helm of government in the next general election.

Kazuo Aichi, who chairs the party's policy-making council, criticized at a party meeting in Sapporo, northern Japan, the government's plan to boost the tax to 5 percent from the current 3 percent starting in April 1997.

Aichi said the tax hike should not be approved because the government has made no progress in administrative reform and is using taxpayers' money to clean up the financial mess left by failed "jusen" housing loan companies.

Aichi also promised a "re-do" of the government's scheme to liquidate the bankrupt mortgage firms.

At the same Shinshinto meeting, Secretary General Takashi Yonezawa predicted a general election by the year's end, saying "winds of dissolution (of the House of Representatives) will blow in September, October and November to bring about an election."

Meanwhile, Kenzo Muraoka, who chairs the Liberal Democratic Party's (LDP) Diet Affairs Committee, said the next election could come at the outset of an expected extraordinary Diet session in the autumn.

If disputes over the issues of reducing U.S. military bases in the southwestern island prefecture of Okinawa and administrative reform drag on for long, a snap election could come at the beginning of the extra Diet session, which he predicted will be convened in early October after Prime Minister Ryutaro Hashimoto returns from a U.N. General Assembly session opening in late September.

The approaching election rules out any reshuffle of the cabinet or the LDP leadership, he said.

Japan: Ministry Eases Restrictions on Pension Funds

OW0107062796 Tokyo KYODO in English
0551 GMT 1 Jul 96

[FBIS Transcribed Text] Tokyo, July 1 KYODO — The Health and Welfare Ministry said Monday it would allow the pension fund association free rein with its 2.73 trillion yen in assets as part of measures to ease its rules over where pension funds can be invested.

It is the first time the ministry has permitted an exception to its tight rules covering where capital from pension funds can be operated, ministry officials said.

As a result, the association will no longer be subject to certain restrictions to ensure its investments are guaranteed.

The restrictions on a fund's portfolio include an insistence that more than 50 percent of it be principal guaranteed government bonds, that shares or foreign currency bonds should make up less than 30 percent, and that real estate should be no more than 20 percent.

The easing of the restrictions comes after life insurance companies, citing lowered interest rates, dropped their annual guaranteed yield from 4.5 percent to 2.5 percent in April.

Only those funds which satisfy certain conditions for the managing of their portfolios will be permitted to stay free of the restrictions, the officials said.

The association consists of funds set up by various corporations and corporate groups.

It disburses pension money to people who leave a fund before their required term of membership expires or to people who belonged to funds that have been dissolved.

Its recipients number some 760,000.

Japan: Article Views Crisis Management System

OW0207103296 Tokyo BUNGEI SHUNJU
in Japanese Jul 96 pp 150-160

[Article by freelance journalist Iku Asou: "Prime Minister's Office in Nervous Breakdown over Crisis Management Problems"]

[FBIS Translated Text] "A 'chronic disease' is now plaguing the Prime Minister's Official Residence [PMOR]." Several senior government officials were recently heard making remarks like this.

What they wanted to say was that all the staff members of the PMOR are now afflicted with a malaise of "extreme fatigue" which has been caused by lack of sleep and that they are now working exhausted to their bones everyday.

Deputy Chief Cabinet Secretary Kazo Watanabe, who is one of top government officials at the PMOR, complained to senior officials of the ruling coalition parties who paid a visit to his office shortly before the multiholiday period in May:

"I get so many phone calls at night. I am really tired from lack of sleep. Fax messages pour in. The sound of fax machines running gets to my nerves and keeps me awake."

The PMOR has, besides Prime Minister Ryutaro Hashimoto and Chief Cabinet Secretary Kajiyama, two deputy chief cabinet secretaries working in it to assist Hashimoto and Kajiyama. One of them is Watanabe, a dietman from the Social Democratic Party [SDP], who is in charge of political affairs. The other is Teiji Furukawa, former administrative vice minister of health and welfare, who is in charge of administrative affairs. The deputy chief cabinet secretary for administration is the coveted final top rung in the long ladder of ranks for professional bureaucrats of this nation.

Deputy Chief Cabinet Secretary Furukawa is suffering from the same kind of "woes." He has to get up very early in the morning to sort out — with the help of his wife — all the fax messages that have arrived over night and then to skim through them as fast as possible. An official said: "I heard him say to himself he had hardly enough time just to read all the messages; the volume of

the messages was so large that he and his wife simply could not deal with all of them."

Apparently, both deputy chief cabinet secretaries were drowning themselves in the flood of fax messages and phone calls that arrive during night.

A substantial portion of these fax messages and phone calls come from the officials of the Cabinet Information Collection Center [CICC; naikaku joho shuyaku center], which is a new agency set up under the Prime Minister's Secretariat on 11 April. This agency, running round-the-clock, collects information relating to disasters, security incidents and other incidents at home and abroad, and reports it to the PMOR promptly. Many of the reports coming by the fax machines and phones are those from duty officers of the CICC.

Very late on 4 April, a foreign news service agency sent out a flash item reporting that an airplane carrying U.S. Secretary of Commerce Brown crashed in Bosnia, killing Secretary Brown and all others aboard it, and the CICC, which received news service from the agency under contract, caught the news immediately.

Its shift duty officer awakened not only these two deputy chief cabinet officers, but also Chief Secretary Kajiyama to tell them of the news by phone as "emergency information."

Information that is reported to the two deputy chief cabinet secretaries is not limited to "emergency information," however.

The CICC formally started on 11 April, but actually had been in operation since sometime before that. Late in the evening of a day in February, Deputy Chief Cabinet Secretary Watanabe was sleeping at the dietmen's dormitory in Tokyo. Then, a phone by his pillow rang. It was a call from the duty officer of the office which was later to be named the CICC. He said: "Sorry to wake you up, sir. I am reporting you this 'for your information.' A Turkish tourist passenger boat has been seized by an armed band of Russia's Chechen Republic." Watanabe shouted the essential question into the receiver: "Are any Japanese on board?"

The officer's answer: "No, no Japanese appear to be on the boat. I am reporting on this incident just for your information."

Later, ruling coalition parties' members who visited the PMOR heard Watanabe complain:

"I can see the duty personnel are on alert. But if I am awakened every time something happens on the other side of the globe, my body simply can't take it. Why am I waken up when something happens about which the government needs not do anything?"

Deluge of Fax Every Night

But the CICC is not the only source for the flood of information that pours into the PMOR via the fax machines and phones. Other government offices are sending in their own information directly.

The fax machines and phones in the Cabinet Secretariat are kept busy as not only the two deputy chief cabinet secretaries, but also Chief Cabinet Secretary Kajiyama are supposed to be notified when there is urgent information.

According to an official on the staff of Deputy Chief Cabinet Secretary Furukawa, recently the two deputy chief cabinet secretaries formally made pleas to a senior official of the Cabinet Information Research Office which controls the CICC, saying: "We wish the fax messages and phone calls at night could be limited to those related to genuine emergency situations."

The staff official who revealed this added that since then, nonemergency "for-your-information" only reports from the CICC are faxed to the two deputy chief cabinet secretaries only after 0630.

So, right now, an average of 16 to 18 messages arrive from the CICC every morning into the fax machines of these two deputy secretaries. But the ministries and agencies individually continue to fax their messages including those of for-you-information type at night, and thus the problem of sleepless nights for the two deputy chief cabinet secretaries is not being resolved or alleviated at all.

On top of that, there are an average of two to three "urgent information" reports a week. That means these two deputy chief cabinet secretaries, Chief Cabinet Secretary Kajiyama and even Prime Minister Hashimoto are wakened by phone calls at least twice or three times a week.

The remark by some senior government officials quoted in the beginning of this article is indeed intended to show the seriousness of this situation.

One of the senior government officials, who agreed with the view given in the remark, is former head of one of the five offices in the Cabinet Secretariat (the five being the Councilors' Office on Internal Affairs, the Councilors' Office on Foreign Affairs, the Security Affairs Office, the Information Research Office, and the Public Relations Office). He expressed his concern about the health of the top government leaders, saying:

"The fact that the top leaders of the PMOR cannot sleep well because of the information inflow is indeed a very serious problem from the perspective of crisis management. The prime minister, the chief cabinet secretary

and the two deputy chief cabinet secretaries have so many important duties to perform in government."

Furthermore, the prime minister and the chief cabinet secretaries are posts which require very tough schedules of work for them everyday of a year.

"Even the healthiest people will fall victims to the chronic fatigue malaise if they do not sleep well. Should a real crisis situation break out now, the prime minister will be down in only two to three days."

A little past 2300 on 6 March, an earthquake of intensity 5.8 hit the Kanto Koshinetsu area. The government's disaster manual, which was compiled after the Hanshin Earthquake, required the prime minister to be informed immediately when there is an earthquake of intensity 6.0 or higher in areas other than Tokyo. But in this case, for some reason, the prime minister was aroused by the members of the pre-CICC office anyway.

Reporting on the incident, a newspaper (SANKEI SHIMBUN in its 12 March issue) wrote Prime Minister Hashimoto promptly turned on a radio to hear the latest news on the earthquake. The newspaper apparently meant to say the prime minister responded promptly against a possible crisis condition. But a staff official of the Defense Agency questioned: "Don't you think that is strange? This is supposed to be the grade of information the prime minister needs not be informed of immediately. Don't you think both the PMOR and the news media agencies have become too sensitive to these words: crisis control?"

Why has the situation come this far?

At a glance, this looks like a sign that the PMOR has come to have a good crisis control system running under the Liberal Democratic Party (LDP)-led coalition government. When compared with the days of the Tomiichi Murayama government, there is no doubt that the information collection system now is miles ahead. The Murayama government, lacking timely information, was slow in actions at the initial stages of the Hanshin Earthquake, causing its PMOR to be chided as "an island of no information" later on.

A staff official of the LDP said: "As for the problem of the Murayama government being weak in crisis management, the people tended to accept it as an inevitability that arises from it being an SDP-led coalition government. But if an LDP-led coalition government fails in crisis control actions, it will not be pardoned. A failure can be fatalistic. If the Hashimoto government wants to be in power long, it needs to be strong in crisis management. Prime Minister Hashimoto himself is most conscious of this need."

Since coming into office, Hashimoto is known to have been so attentive to the security and diplomacy issues as to be called extraordinary. At the time of the so-called "China-Taiwan tensions" when China conducted military exercises and missile firing tests in the waters off Taiwan, Hashimoto called in officials of the Defense Agency, the Ministry of Foreign Affairs (MOFA), and the Ministry of Transport in top secret and ordered them to formulate an emergency plan assuming a military conflict between China and Taiwan. His display of leadership is praiseworthy, but the fact that he is so sensitive and edgy is worrisome as well.

When Former Prime Minister Noboru Takeshita met with an influential member of the Hashimoto cabinet at a hotel in Tokyo in early May, Takeshita advised the latter, "When people want to talk about issues related to the party or Diet operations, they should do so with Chief Cabinet Secretary Kajiyama, not the prime minister." Many ranking LDP staff officials actually asserted, "Matters related to the party and Diet operations are now in the hands of Hiromu Nonaka, acting general secretary of the LDP, and the prime minister is involved only in issues of foreign affairs, security, public law and order, and natural disasters." Incidentally, all the people who ought to know already know that Hashimoto has been very much interested in military matters for so long.

Rushing With Crisis Control

Prime Minister Hashimoto apparently started in his office with a strong resolve not to repeat the scandalous mistake the Murayama government committed in dealing with crisis situations.

But there are voices of concern being expressed about his keen perception of the crisis management. A ranking official of the National Police Agency said, "I am afraid that under the Hashimoto government, the thinking about crisis control has gone too far ahead. There are many people who are worried about the government's excessive sensitivity about the need for information."

An information officer of the Self-Defense Forces (SDF) said: "The central government offices send up all kinds of information indiscriminately to the PMOR, thinking it is better to send than not send them, and since there is no one who controls its flow, all of the information come to the prime minister. These phenomena are the after effects of the Hanshin Earthquake. In the PMOR as well as the central government offices, the people's thinking about crisis control is running ahead of reality. The people apparently have become hysteric about the information."

This condition has led to the drowning of the two deputy chief cabinet secretaries in the flood of information as noted earlier.

A former staff member of the Cabinet Secretariat said:

"All the offices in the Cabinet Secretariat have their domains of functions to carry out. As far as the matter of making reports on collected information is concerned, the office in charge of information gathering should make selection on what should be reported to the prime minister and on what should be reported to the chief cabinet secretary. There should be no need to arouse these two people in the middle of a night to report on small matters.

"The prime minister will go nuts if he has to deal with all the information that keeps on flowing into his office on and on.

"The prime minister, the chief cabinet secretary and the two deputy chief cabinet secretaries are the very people who must take command in time of contingencies. If they are exhausted from want of sleep in such contingency situation, they will not be able to perform their functions in a satisfactory manner. That can indeed pose a major problem in crisis management."

Some say the "war criminals" to blame for this condition are news media agencies.

A former secretary to the chief cabinet secretary said:

"Much of this is due to fusses and flusters made by the new media people. There was an accident of an SDF fighter plane firing a missile by mistake while in training in November last year. As it happened that the prime minister was in a Diet session at that time, his secretary reported to him on the accident a couple of hours later. Then a television station learned about it and made a big fuss about it. Why must the prime minister be informed instantly about that kind of accidents that happen by mistake?

"Some of the first-hand information needs to be reported to the top government leaders and some can be taken care of by other officials concerned. The goal is to ensure right people to have right information. But that incident of the news media making a fuss of something which really was nothing had a grave impact. Under such circumstances, the central government offices have no choice but to report everything to Prime Minister Hashimoto. That is why the prime minister gets so much information he needs not to know and that is why he is aroused so often in the middle of a night."

A former secretary to the prime minister said:

"Every morning on his way to his office, the prime minister is caught by reporters and asked about inci-

dents and accidents that happened in other countries overnight. If he is found to be unaware of any of these incidents or accidents, the reporters take it as a great news, and act like a warrior who felled a devil in a duel with a devil. That is the present condition."

Now, we will take a look at how this CICC is structured.

This writer has with him a copy of the CICC's internal papers which have been distributed to all the government offices concerned with public security. One of the papers titled "the Operating Procedures of the CICC" in its Article 2 explains the functions of this agency.

The article says: "The duties of the center are to collect and summarize information from within the country and from other countries round-the-clock in order to enable the cabinet to take prompt and appropriate actions in the event of breakout of emergency situations like large-scale disasters, other major incidents and accidents, international conflicts which can have major impacts on the nation directly or indirectly. It is also the duties of the center to make reports on collected information to the prime minister, chief cabinet secretary and deputy chief cabinet secretaries, and to provide support functions when the cabinet hold meetings to discuss emergency situations."

The center is headed by Nobuo Narijima, former director of the International Department 1 of the Cabinet Information Research Office, and has under it five units — the Administrative Unit, the Data Unit, the System Unit, the News Unit and the Information Unit. While, no doubt, its key component is the Information Unit, five people from each of the units form a work shift team. There are five work shift teams which take turns and rotate around in their work schedule. The center has its "main office" in a refurbished room of what used to be the Administrative Department of the Cabinet Information Research Office, but has its Information Unit forward-positioned at "the Crisis Control Center" on third floor of a PMOR annex completed in March.

The Crisis Control Center, which is about half the size of an elementary school classroom, has fax machines for reception of news reports from Jiji Press, Kyodo News Service, Radio Press, Associated Press and Agence France Presse, a security phone linked with the National Police Agency, plus exclusive lines with the Defense Agency, the Maritime Safety Agency, and the Fire Defense Agency. TV monitors on walls show pictures sent directly from police heli-TV's (helicopters with cameras and equipment to send pictures via satellite channels) and from SDF observation helicopters which are also equipped to send pictures using satellite channels. Five of the Information Unit members are in this room round-the-clock.

Now the writer will turn to the subject of what kind of information the CICC is collecting and on what basis it is selecting information to be reported to the PMOR.

Criteria in Internal Papers

Now to go back to the internal papers of the CICC and to look through them once again, the writer comes to a part titled "Rules to Use in Informing the PMOR." In that part, there is a provision saying "reports should be made promptly to offices concerned, using following rules in doing so," and this provision is followed by details of the rules.

According to the rules, information is classified into two categories. First, there is the group of "designated items" which need to be reported promptly to the two deputy chief cabinet secretaries, the chief cabinet secretary and the prime minister. The CICC paper specifies these items as follows:

- "1. Large-scale earthquakes: i.e. earthquakes of intensity 5 or higher in the Tokyo area and of intensity 6 or higher in other areas. (An emergency meeting of concerned officials is called in this case.) But even in case of earthquakes of intensity 4 or higher, information still needs to be collected and reports be made [though not on priority basis]."
2. Forced seizure of airplanes or other objects (the writer's note: hijacking)
3. Accidents in nuclear power facilities
4. Oil spills
5. Other emergency situations"

The CICC operation manual requires these five criteria of incidents or accidents to be reported to the two deputy chief cabinet secretaries, the chief cabinet secretary, and the prime minister as soon as possible — even in the middle of a night.

Then, there is the group of "undesigned items" which need to be selected from the large influx of information from across the world and to be reported to the PMOR promptly. The "duty team leader's best judgment" comes into play in making selections, and reports on "foreign leaders' health problems" come under this category of items.

The operation manual writes in detail in what situation the duty officers should report to the PMOR, but, apparently, the duty team leader has the tough job of making judgments on it.

The CICC has two problems to resolve. One is the problem in collecting information from the government offices which are so solidly entrenched in sectionalism.

There is almost no way of collecting information from these individual government offices because all these offices want to report their information to the PMOR independently on their own just as they want to run their offices independently.

At present, about 90 percent of the CICC's primary information come from reports by news service agencies. Important news collected by individual government offices do not come through it. The vice ministers or director general-grade officials of these offices tell the prime minister's secretary "I have something to inform the prime minister personally" and pass on the information to the prime minister directly. That is how the things are done right now.

The other problem is that while it is clear that the CICC's duty is to deliver its primary information to the PMOR promptly, it is not clear who is to handle follow-up information and what the CICC's position should be in relation to the individual ministries and agencies. For instance, if there were a report from a news service agency saying North Korea launched a surprise attack on South Korea, the flash report would be immediately relayed by the CICC to the prime minister. But then the Defense Agency would go into a full-alert condition, which would mean stepping up its information collection operations. Then there arises the question. Should the Defense Agency report the follow-up information on the Korean situation to the PMOR directly or through the CICC. There has been no study made on that question at all.

Reformed Secret Conference

Since the Hashimoto cabinet started, there have been two additional systems put in to augment the crisis control preparedness of the government.

1) Emergency Meeting Team:

Pre-designated two deputy vice ministers from each of five offices of the Cabinet Secretariat are to report for an emergency meeting at the PMOR once an emergency situation occurs. This group of 10 altogether is called the "Emergency Meeting Team." Its duty is to advise the prime minister on actions the government should take. A small room right across the CICC office has been assigned as the place they get together for meetings.

2) Emergency Measure Team:

This team actually makes up a part of the PMOR Countermeasure Headquarters which has been set up on a space of what once was a small dining room and a smoking room on the first floor of the PMOR. The team is in charge of liaison and coordinating with ministries and agencies concerned. A PMOR

countermeasure headquarters was first set up at the time of the Gulf war, and was later disbanded. It was restored at the time of the Hanshin earthquake, and has since been maintained with its system reformed to reflect lessons learned from the experiences of the Hanshin earthquake.

An official of the Cabinet Security Affairs Office said:

"In crisis control operations at the PMOR, those concerning information are now handled by the 'CICC' and those concerning actions to follow are handled partly by the 'Emergency Meeting Team' and partly by the 'Emergency Measure Team'. But no study whatsoever has been done on how these three agencies' operations should be coordinated."

Up to this point in the article, the writer could be said to have dwelt on the software aspect of problems in the PMOR crisis management system. This software aspect of problems, the writer would like to believe, will turn for the better by and by as the government learns more from experiences like the recent incident of a North Korean MiG-19 fighter plane defecting to the South.

Now, however, there is a hardware aspect of problems which needs to be dealt with if Japan wants to be as prepared as other advanced countries are. In short, the hardware means the equipment and facilities of the PMOR.

On 11 March, crisis management specialists of Japan, though there are not too many of them in the country, got together in the PMOR for a meeting. The official name of the meeting was "a consultative meeting to discuss crisis control in the new PMOR." The new PMOR here means a new residence building for the prime minister, construction of which is due to start in 1998 and to be finished in 2000 — in the backyard of the existing PMOR building.

The meeting was attended by seven members: its head Taisui Yoshitake, president of Kobe Design University; Junko Sassa, former director of the Cabinet Security Affairs Office; Junzo Matoba, former director of the Cabinet Councilors' Office on Internal Affairs; Hisahiko Okazaki, former ambassador to Thailand; Kenjiro Mishima, former director of the National Police Agency's Police Administration Bureau; Ibo Ishii, system engineer and professor emeritus of Tokyo University; Tadao Saito, professor of electronic information engineering at Tokyo University.

This group met three times up to early April, but an official of the Cabinet Information Research Office said, "The contents of discussions being those of national top secret nature, the members of the group were strictly warned not to talk about the meeting."

The writer has obtained a part of records of the meeting from one of the members. According to that part, the specialists made a proposal on the new PMOR's communications system. The members were probably told not to discuss the contents of the meeting because of the confidential nature of the details. But this writer found they contained many points that ought to be discussed openly before the public.

Before going into specific points of issues, the writer would like to recall the history of government moves with regard to building a new residence for the prime minister.

The history of discussing constructing a new building for the PMOR goes back to July 1979 when a proposal on rebuilding the residence was first proposed at the "consultative meeting to discuss the basic issue of rebuilding the PMOR."

Then in July 1985, "the Ad Hoc Council on Promotion of Administrative Reform" made its first proposal on constructing a new building for the PMOR and strengthening its infrastructure.

In May 1987, the cabinet approved a plan for a new PMOR building, and thus a basic guideline on construction of it was set. The "Committee to Discuss Rebuilding of the PMOR" was inaugurated.

In July 1985, the consultative committee to discuss the basic issue of rebuilding the PMOR came up with an "interim report" presenting a building design drawn from an aesthetic viewpoint, and also presenting a concept of functions it is expected to perform, namely as an administrative office, a place to accommodate national guests, an office to handle information communications, and as a crisis control center.

More recently, in March and April 1996, "the informal meeting to discuss crisis control functions in the new PMOR" (hereinafter "the informal meeting") was held.

(The current plan is to draw up the basic design of a new building within this year and blue prints for it in 1997, and to start construction in 1998 and to complete it in 2000.)

The existing PMOR building is an antiquated "relic" from the old days, which was completed in 1932 and has not been once rebuilt since. The building looks so small and low in ceilings. Any one who takes one step inside it can see how short the average Japanese must have been in those old days.

It was only recently that the decision to build a new PMOR building was made. Since this year's budget — with funds for rebuilding the PMOR included —

has been approved, it has become possible for the government to draw up a basic design. The concept of constructing a new PMOR building, however, is not new. The idea has existed for a considerably long time; why then has this matter had to be put off so long?

A former official of the Cabinet Secretariat's Accounts Division said: "There have been many reasons for that delay including the collapse of the bubble economy. But the primary obstacle to it has been the plan to move the central government out of Tokyo. One remark from then LDP Vice President Shin Kanemaru saying 'why build a new PMOR when the capital city will be moved soon?' sent the plan into a waste basket."

Many questions were raised in the above-mentioned "informal meeting." A participant in it insisted:

"The emergency-time command post should be positioned deep underground so that it can be used even under a grave emergency condition like a nuclear attack."

The United States has its emergency command post built deep underground in the White House, the United Kingdom at its PMOR in Downing Street, and Germany at its Chancellor's Office. A retired lieutenant general of the Ground SDF said: "In comparison, the attack-withstanding capabilities of Japan's PMOR is close to zero."

In the informal meeting, a man also pointed out: "I understand there are now monitoring devices which can detect voice sounds from vibrations of windowpanes of a room. This means conversations inside the room can be monitored by these devices. The glass sheets as well as walls of the new PMOR building should be of a special structure."

Another participant noted: "More than 500 square meters of floor space should be assigned to the crisis control facilities. A multipicture imaging system should be installed."

While many other proposals were presented, the largest proportion of them concerned the information communications system of the PMOR.

It may be hard to believe, but as far as the communications system is concerned, the existing PMOR is hardly a modern country's PMOR. All that it has is an analogous system.

The PMOR's communications system is now made up of Nippon Telegraph and Telephone's (NTT) public phone lines, several fax machines, and local phone lines linked up with some ministries and agencies. Since last year, the PMOR has been providing news conference

data, using internet networks, but that only means some terminals are installed.

To take fax machines for instance, until last year there was only one for each of the Office of the Prime Minister's Secretaries and the Office of the Cabinet Chief Secretary's Secretaries while the former had four people (one each from the National Police Agency, the Finance Ministry, MOFA, and the Ministry of International Trade and Industry [MITI]) and the latter had two (one each from the police and the Finance Ministry) working in them. There was no fax machine in the prime minister's office at all. The ones the secretaries' offices had were not high-speed ones either. They were old slow-moving machines.

A former secretary to the prime minister recalled: "We did not know what to do when fax messages poured in from other offices."

Even the phone system could not be any worse. On the lined-up desks of the prime minister's secretaries there are now altogether four phones — one direct security phone linked to the police (which can also be linked to the Defense Agency), two "local phones" linked to the local phone systems of the Finance Ministry, MOFA and MITI, and one public phone. The secretaries have to depend on one public phone to make calls to all the ministries and agencies numbering more than 20 excluding the Finance Ministry, MOFA and MITI.

A staff officer of the Defense Agency said:

"In case an emergency condition arises, naturally, we cannot reach the secretaries' office. So what we do is ask the Finance Ministry to use its local phone system to call the prime minister's secretaries and tell them 'the Defense Agency wants to send in an important fax message,' for instance.

"Many times, it takes 10 to 15 minutes for the phone exchange operators at the PMOR to make connections. An incident of this happened only recently. I am not talking about the past old days.

"We experience similar problems making connections by fax machines. They have stopgap impromptu devices which are hardly a communications system."

It is difficult to believe that the people of these offices are the ones who demand prompt delivery of information.

While the Diet is in session, the prime minister often needs to tell his secretaries to "send some data" to government offices concerned promptly. If the message to be sent is rather long, running to 20 pages for instance, then it will mean incoming fax messages need to wait for a while to come in.

Another problem is security of phone calls. Not one phone in the PMOR has security devices installed on it. In spite of all this, the MOFA-assigned secretary to the prime minister is now making his calls to the Japanese embassies in Washington and other capital cities, using that public phone in the office.

A senior National Police Agency official said:

"This is really astounding from the common-sense view of the world's intelligence. Everybody knows the phone calls are being monitored by Sig-Int [as published] agencies as well the U.S. National Security Agency (NSA) and the U.K. Government Communications Headquarters (GCHQ). Japan's national secrets are completely exposed."

Proposal of Posts and Telecommunications Ministry

In February 1994, then Prime Minister Morihiro Hosokawa was busy collecting information relating to Japan-U.S. trade talks as the talks were nearing conclusion. He met with senior officials of the ministries concerned every day, and made many phone calls to Japanese correspondents in the United States who were his own sources of information. Of course, there was no security device on the public phone in the PMOR he used.

In view of this, it would be only natural that the members of the afore-mentioned "informal meeting" made so many proposals on improving the information communications system. The essential point of the proposals was that "a local network system should be set up to improve information communications between the PMOR and the government offices, and the PMOR should be enabled to collect necessary information more effectively."

Actually, the Ministry of Posts and Telecommunications [MOPT] has been early in making studies on the question of improving the PMOR's information communications system. The ministry has presented several proposals to the Cabinet Secretariat so far.

The MOPT presented a plan called "KISS" [Kant Information Security Service] in 1985. But remarkable advances have been made in communications technology since then, so the MOPT drew up a new plan and presented it to the Cabinet Secretariat recently. Major points of the plan are:

- 1) A Local Area Network (LAN) system using optic fibers will be installed in the PMOR, and this LAN system will be connected to the LAN systems of the ministries and agencies.
- 2) The system of connecting government offices with each other by loop links will be applied to the networks

linking the PMOR with the government offices so that there may be an alternate channel for use when a line gets disconnected.

- 3) Personal data assistants (PDA) and notebook-type personal computers will be integrated, and they will be linked to the N-STAR (a communications satellite the NTT bought from the United States).

The main concept of this plan is to establish an overall system which should enable the prime minister to transmit or receive large volumes of data in letters or pictures in secrecy, regardless of where he may be.

Shun Sakurai, director of the Tariff Division of the MOPT Telecommunications Bureau, explained, "We have given a study to desirable information communication systems between the MOPT and the central government offices, based on the currently available most updated technologies. We have presented a plan drawn therefrom to the Cabinet Secretariat."

Among above proposed actions, one which is likely to be put into practice soon is the new network called the "Kasumigaseki Wide Area Network (WAN)" that will connect the LAN's of all the government offices with each other. The computers linked up by this WAN will be able to communicate in e-mails beginning in January next year.

But there are some questions to be asked as regards this new network. The first question is whether or not the PMOR will be able to collect and process information fast enough once the government offices and the new PMOR have been connected via the "Kasumigaseki WAN."

Some specialists insist that the "Kasumigaseki WAN" will be a super system that can fundamentally improve the PMOR's information collection capabilities. But as far as what the officials of the government offices have told me, there is a question on how much data these government offices will open up. To the government offices which have stuck to and have lived by the offices' self-interests by being faithful to sectionalism so long, the new network will look like a new way of taking down that system of sectionalism.

Another important question is whether or not the data can be protected and shielded from exposure completely under that system. The question of whether this can be done with 100 percent certainty has not been answered. The MOPT is doing studies on the possibility of encoding information and using ways of protecting the network — by installing "fire walls" (devices to identify the individuals seeking to have access to data) for instance — from hackers. In fact, the ministry drew up

a very voluminous report on results of the studies late last year.

The United States has an administrative information communications system manifold more advanced than Japan's. But even in that country, a hacker who infiltrated into the computer system of the Department of Defense via Internet is suspected to have stolen the U.S. Air Force's code for war operations, according to a report issued by the U.S. Board of Audit in late May.

Besides, there is a more basic problem. To install the "Kasumigaseki WAN" to link the existing PMOR building with the ministries and agencies, a LAN needs to be installed in the PMOR building, but the conclusion of experts is that the extremely poor condition of the building makes it impossible to install the LAN in it. An official of the Accounts Division of the Cabinet Secretariat said "it is also impossible from the perspective of cost effectiveness" now when it is clear that a new building will be constructed for the PMOR.

In other words, the fact is that the PMOR has no choice but to carry on with its important work of crisis management in the old tumbledown shack that is devoid of counterintelligence protection — next four more years. This condition also means that national secrets will continue to be leaked to other countries next four more years as the people in the building will continue to make international phone calls from their public phones that have no protective devices.

So that is the hardware part of the story on the PMOR's information system problem. The writer would like to add that every time I talked to government officials in charge of information, a common comment that came from all of them was:

"Regardless of how much improvement is made in the PMOR's information collection system, by putting in multimedia communications equipment for instance, all the information needs to be processed and used by people at the end. The most important question is whether we have a person who can screen collected information and decide what information to pass on to the prime minister."

That key person should be Deputy Chief Cabinet Secretary Furukawa. The deputy chief cabinet secretary for administration is responsible for liaison and coordinating with all government ministries and agencies, and as such, can be said to be the person in charge of collecting and assessing information.

But one secretary in the PMOR told me, "But that key man, Deputy Chief Cabinet Secretary Furukawa, is unhappy with the big volume of information he

gets." This may be the most unfortunate problem Prime Minister Hashimoto will have to live with.

Japan: Hatoyama Says New Party Platform Ready Before Oct Diet Session

OW0107100796 Tokyo KYODO in English
0937 GMT 1 Jul 96

[FBIS Transcribed Text] Tokyo, July 1 KYODO — New Party Sakigake Chief Secretary Yukio Hatoyama said Monday he plans to map out a platform for a new party proposed by him before an extraordinary Diet session expected to be convened in October.

"Given Prime Minister Ryutaro Hashimoto has said he will convene an extraordinary Diet session in October, the broad framework (of the New Party's key policies) must be worked out before then," Hatoyama said in an interview with KYODO news.

Hatoyama has proposed forming a new party of liberal politicians. Sakigake is the smallest group within the tripartite ruling coalition.

Hatoyama said his new party's platform will give priority to administrative and fiscal reforms and promote disclosure of administrative information.

Japan: NFP Leaders Plan Nationwide Tour To Promote Policies

OW0207121696 Tokyo KYODO in English
1124 GMT 2 Jul 96

[FBIS Transcribed Text] Tokyo, July 2 KYODO — Leaders of the largest opposition party Shinshinto (New Frontier Party [NFP]) plan to go on nationwide speech-making tours later this month to let people better know about the party's policies ahead of the next general election, Shinshinto officials said Tuesday.

The tours by Shinshinto leader Ichiro Ozawa and five other senior members also aim to promote an image of unity in the party the officials said.

The five others are Secretary General Takashi Yonezawa, three former premiers — Tsutomu Hata, Morihiro Hosokawa, Toshiki Kaifu — and senior leader Koshiro Ishida.

Up to September, a month before an extraordinary Diet session will be convened, Shinshinto will also hold a series of mass gatherings in such major cities as Osaka, Nagoya and Fukuoka, they said.

Although the general election is expected to be held possibly this fall, Ozawa and other leaders such as Hata and Hosokawa are reportedly divided over how to manage the party.

Because the party plans to decide on its election campaign promises in mid-September, however, Shinshinto leaders may find it difficult to hammer out clear policies during the tours over major issues such as the U.S. military presence in Okinawa prefecture, southwestern Japan, political observers say.

Japan: Article Discusses Schedule of General Election

OW0207060596 Tokyo *EKONOMISUTO* in Japanese
2 Jul 96 p 20

[Article by Takeshi Nishiyama, MAINICHI SHIMBUN Political Department staff editor]

[FBIS Translated Text] With the end of the recent Diet session that focused on liquidation of jusen housing loan companies, the dissolution of the House of Representatives and scheduling of a general election have become the matters at issue in political circles.

Three years have passed since the last general election, and the reins of the government have been rapidly passed along from Hosokawa to Hata, to Murayama, and to Hashimoto. However, now is the time for people to make their decision.

At present, Nagata-cho [Japan's political center] is about to move on the premise that the general election will be held in the fall. The present situation is similar to the one before the general election in October 1979. At that time, the general election was possible at any time because nearly three years had passed since the previous general election was conducted in December 1976, of which the Lockheed scandal was the focal point. Under such circumstances, all Diet members simultaneously began an election campaign in full swing in summer. (Then) Prime Minister Masayoshi Ohira declared his intention to dissolve the Diet during his summer vacation, saying, "I would like to refresh public sentiments." As a result, the Diet was dissolved on 7 September, and voting for the general election was conducted on 7 October.

Different from the present coalition administration among the Liberal Democratic Party [LDP], the Social Democratic Party [SDP], and New Party Sakigake [Sakigake], the then-administration was led solely by the LDP. However, the present atmosphere of political circles is exactly the same as in those days. A demand for "convening an extraordinary Diet session at the end of September" has already been voiced within the LDP, and there is even a senior LDP official who named the next general election the "economic recovery election."

We should pay utmost attention to intention of Prime Minister Ryutaro Hashimoto, who has the right to

dissolve the Diet, as the main cause for the growing possibility of a general election in fall. At a meeting with three ruling party officials in charge of policies, he showed his intention to submit a supplementary budget program to an extraordinary Diet session in the fall. Although he denied the rumor when his remarks leaked out to the public, a view prevailed among the public that "Hashimoto seems to seek to win the Diet's approval for the supplementary budget program at the extraordinary Diet session in the fall to ensure economic recovery, and to dissolve the Diet to conduct the general election at a stretch." Hashimoto denied the report because he was worried that this would bring about disunity in the ruling parties at the height of deliberations on the liquidation of jusen companies. His true intention was seen through his armor.

After this incident, each party began preparing for Diet dissolution and the general election in the fall, and there is no doubt that the "Hashimoto vision" proposed by the LDP at the final phase of the recent Diet session focuses on the forthcoming general election.

In addition, the Special Action Committee on Okinawa (SACO) will issue its final report on Okinawa base issue in fall, bringing diplomatic pending issues to a pause for the time being. This is also one of grounds for growing possibility of general election in fall.

At the same time, Yukio Hatoyama's move to form the new party has also influenced the schedule. Sakigake Secretary General Hatoyama has decided to coordinate the final details of the new party's policy this summer to form the new party in September. Preparation for the election is underway in the LDP, the New Frontier Party, and the Communist Party Japan. If the Hatoyama-led new party is established, the mood to seek the general election will rise at a stretch. If it is convened in September, the extraordinary Diet session will very likely be dissolved. Although a bill on the public nursing care insurance system and other bills were shelved for further discussion at the recent Diet session, the next extraordinary Diet session will probably be dissolved after adopting the supplementary budget program only.

A public opinion poll was conducted prior to the 1979 general election under the Ohira cabinet. Its results said that the LDP would win the majority of Diet seats. However, in actuality, the LDP lost seats drastically due to voters' opposition to an Ohira-proposed plan to introduce a general consumption tax system, as well as the bad weather conditions on the voting day, and then it suffered from conflicts with the opposition parties over 40 days. At present there are views that the LDP would win a majority thanks to Hashimoto's popularity. However, the development of the general

election remains uncertain in line with the Hatoyama-led campaign for the new party.

North Korea

DPRK: UN Forces Command in ROK Said 'Illegally Formed'

SK0207085196 *Pyongyang KCNA in English*
0817 GMT 2 Jul 96

["Illegally-Formed 'UN Forces Command' in S. Korea"
— KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 2 (KCNA) — NODONG SINMUN today carries an article contributed by Dr. Chong Nam-yong under the title "illegally-formed 'UN Forces Command' in South Korea."

The United States and the South Korean puppets are persistently describing the U.S. forces in South Korea as "UN Forces", their command as the "UN Forces Command" to justify their past deed and avoid their withdrawal from South Korea, the article says, and continues:

The "UN Forces" and the "UN Forces Command" on the lips of the United States are neither based on any UN resolution nor were organized by the United Nations. They are the labels put by the U.S. imperialists on their aggression forces occupying South Korea.

In view of legal terms first of all, the U.S. forces and their command in South Korea are not the UN Forces and UN Forces Command. The United States uses "Resolution" 84 (1950) of the UN Security Council which was unreasonably adopted on July 7, 1950, as the legal basis for their argument that the U.S. forces and their command in South Korea are the "UN Forces" and the "UN Forces Command." But this "resolution" cannot be the legal basis because it has no word about the organisation of the "UN Forces" and the institution of the "UN Forces Command" and particularly because it is not impartial nor legal.

The "resolution" reflects no more than the false argument of the United States and the South Korean puppets about the start of the Korean war. It gives no explanation about objective conditions of the war. And it was "adopted" in the absence of the representative of the Soviet Union, a permanent member state.

Next, the U.S. Forces and their command in South Korea have nothing in common with the UN Forces and the UN Forces Command in the organisation, control system, military operation and any other aspect.

The "UN Forces" in South Korea were not organised on the principle of the organisation of the UN Forces stipulated in the charter. The control system is funda-

mentally different from the control system of the UN Forces specified in the UN Charter.

The "UN Forces" that participated in the Korean war did military actions contrary to the demands of the UN Charter.

All the fact clearly proves that the U.S. forces and their command in South Korea are not UN Forces and UN Forces Command.

DPRK: Paper Decries Kim Yong-sam's Remarks on Ties With Japan

SK2906043496 *Pyongyang KCNA in English*
0319 GMT 29 Jun 96

[FBIS Transcribed Text] Pyongyang, June 29 (KCNA) — NODONG SINMUN today denounces the traitor Kim Yong-sam for antagonizing the fellow countrymen and whipping up confrontation between them.

Some time ago, the traitor told a group of the "New Korea Party" that the South Korean people should not have an "indolent tendency of considering the North merely to be compatriots" and called for opening a "new cooperation era toward the future" with Japan.

Commenting on this, the daily says: Kim Yong-sam's remarks are unpardonable because they are anti-national, anti-reunification criminal outcries quite contrary to the idea of national reunification whose precondition is national unity.

He cried that the unhappy past in the relations with Japan must be referred but the main force be concentrated on cooperation toward the future. This utterance can be made only by the base pro-Japanese flunkeyist traitor.

The "new cooperation" with Japan is, in essence, a new subordinate relationship between the Japanese reactionaries and the South Korean treacherous forces. This means a new phase of Japan's political and economic domination over and military infiltration into South Korea. In other words, this is not a liquidation of the past of the Japanese imperialists but its replica. It is no more than an outcry intended to devote South Korea even to the old colonial ruler.

It is only too natural that Kim Yong-sam, who is engrossed in treacheries for his personal pleasure and greed for power and trying to do harm to the fellow countrymen in league with outside forces, indifferent to the dignity and interests of the nation, has become a target of overthrow by people.

DPRK: Kim Yong-sam 'Clique' Said 'Heinous' Rights Violators

SK0207123096 Pyongyang KCNA in English
0829 GMT 2 Jul 96

["Kingpin of Human Rights Violation Surpassing Preceding Military Dictators" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 2 (KCNA) — The puppet Kim Yong-sam clique are heinous human rights violators surpassing the preceding military dictators. They have turned South Korea into a barren land of democracy and civil rights, a graveyard of human rights through the most outrageous fascist rule since they took office, says NODONG SINMUN in a signed article today.

The daily says:

The Kim Yong-sam group advertize as if the freedom of people and democracy had been "improving" after the appearance of "civilian" government in South Korea. This is a shameless deception of the reality.

In ten months of the first year of their office, the Kim Yong-sam fascist group mobilised a total of 524,200 riot policemen to arrest 870 students and other people and injure about 600 in order to quell their righteous movement for independence, democracy and reunification.

At the time of the 5th pan-national rally the fascist group set in motion repressive forces across South Korea. In Seoul alone, more than 25,000 policemen were mobilized in suppression.

When all the fellow countrymen were in bitter sorrow at the loss of the father of the nation, the fascist group, far from keeping national customs and human ethics, levelled guns at them and raised a racket to stifle the patriotic pro-reunification democratic forces in South Korea by abusing their misfortune. The Kim Yong-sam group are mercilessly suppressing the struggle of workers and peasants calling for the elementary right to existence and democracy.

The fascist rule of the Kim Yong-sam traitorous clique, blocking the democratic development of South Korean society and strangling democracy and civil rights of the people, is getting all the more brutal these days when they are facing a serious crisis.

If South Korea is to dispel its ill fame as the worst land of human rights violation in the world, the traitor Kim Yong-sam, the rare fascist tyrant and the kingpin of human rights violation, must be toppled as soon as possible.

DPRK: 'Fierce' Election Campaign in Russia Reported

SK0207095696 Pyongyang Korean Central
Broadcasting Network in Korean 0100 GMT 2 Jul 96

[FBIS Translated Text] According to reports by ITAR-TASS, the election competition between Yeltsin and Zyuganov is heating up on the threshold of the second round of the presidential election, which is slated to be held on 3 July.

To win more votes in the runoff election, the two candidates are carrying out fierce campaigns, beginning by luring the presidential candidates defeated in the first round of the presidential election and their supporters.

As soon as the preliminary result of the 16 June election was released, President Yeltsin met and asked Lebed, who finished a strong third, to join his side and, on 18 June, announced that Lebed would be appointed head of the Security Council. Along with this, he removed Pavel Grachev, a longtime rival of Lebed over the Chenchnya issue, from the post of defense minister.

On 25 June, the president appointed Lebed to another important post and adopted a decree on dismissing some of the high-ranking generals of the Russian Armed Forces.

Most of the removed generals were those who met with ousted Grachev at the Defense Department building on the day he was dismissed and who Lebed said were planning to put pressure on Yeltsin to try to stop him from firing Grachev.

The president then took steps to fire First Deputy Prime Minister Soskovets; Barsukov, head of the Federal Security Service; and Korzhakov, head of the Presidential Security Service. These steps taken by the president evoked various reactions from Russian political circles. While (Lukin), chairman of the International Affairs Committee of the State Duma, (Roglin), chairman of the Military Committee, and (Surikov), deputy chairman of the Military Committee, praised Yeltsin's steps as a brilliant and extremely successful move, on the other hand, (Ilyushin), chairman of the Security Committee of the State Duma and Zhirinovsky, leader of the Russian Liberal Democratic Party, commented that the president had made strategic errors with the recent personnel changes.

Touching on the purpose of the president's recent personnel changes, (Ilyushin) said this step is aimed at winning more votes in the second round of the presidential election.

(Seleznyov), chairman of the State Duma, said Yeltsin's appointment of Lebed to a new post does not necessarily

mean that the voters who backed Lebed in the first round of the presidential election will now switch to Yeltsin in the runoff election, and added that the majority of voters will not vote for Yeltsin.

Reporting that even though a person who has won support from voters may ask them to support someone, it is doubtful that their minds will change, the foreign press added: Furthermore, some voters can make turnout in the second round of voting uncertain by boycotting it.

Earlier, in his televised speech regarding turnout in the first round of the election, President Yeltsin urged supporters of the defeated candidates Lebed, Yavlinskiy, and (Kyodoroku) to unite behind him. He said that the reason for his failure in the first round of the voting was because voters cast their ballots for the presidential candidates whom they most directly supported.

Zyuganov, candidate of the People's Patriotism Bloc, is also accelerating preparations for the second round of the voting. In his first news conference on 17 June, Zyuganov said he would have talks with all of the candidates who won more than one percent of the vote in the first round of voting.

The leader of the Communist Party Zyuganov said that because they are not serfs, those who supported Lebed in the first round of the voting will support the candidate who has enforced a consistent policy, and added that all those who can devote themselves to Russia, including Lebed, will be urged to participate in a people's coalition government.

On 24 June Zyuganov announced a plan to form the Council of National Society (minjok sahoe risahoe) and a people's coalition government which he plans to form if he wins the election. The basic duty of the council is to ensure the unity (chonilsong) of the country; achieve national unity; adjust and unify the activities of political parties, movements, and other organizations in order to ensure the rights and freedoms of (word indistinct), nations, and minorities; and to prepare the foundation of the internal and external policies of the Federation of Russia.

According to his plan, one third of the people's coalition government will be formed with those from the People's Patriotism Bloc, one third of it will be formed with those from political parties and movements which represent groups under the State Duma and who are not members of the People's Patriotism Bloc, and one third of it will be formed with present government ministers.

On 21 June, on the eve of the second round of voting, Yavlinskiy, who was also a candidate in the presidential election, withdrew his support for President Yeltsin.

Before the first round of voting, Yavlinskiy appealed to President Yeltsin to make a personnel reshuffle in return for his support for him. But the president reportedly rejected the appeal. He also declared that the [Yaburoko] Movement will not support candidate Zyuganov under any circumstances.

Amid the fierce election campaign, both Yeltsin and Zyuganov are repeatedly voicing their conviction that they will be victorious in the second round of voting.

All observers who have been watching the campaign for the second round of the voting for election of the Russian president say that the outcome cannot be predicted under the present situation.

DPRK: Volkswagen Co. Delegates Visit To Discuss 'Cooperation'

SK0207093196 *Pyongyang KCNA in English*
0831 GMT 2 Jul 96

[FBIS Transcribed Text] Pyongyang, July 2 (KCNA) — A Volkswagen Company delegation of Germany visited the Democratic People's Republic of Korea over June 29-July 2 and discussed issues of technological cooperation.

DPRK: Delegates Led by Yang Hyong-sop Meets Brazilian Leaders

SK2706083196 *Pyongyang Korean Central Broadcasting Network in Korean*
1300 GMT 24 Jun 96

[FBIS Translated Text] A delegation of our country's Supreme People's Assembly [SPA], led by SPA Chairman Yang Hyong-sop, visited Brazil from 17 to 21 June.

During the visit, the delegation met with the presidents of both the Senate and the Chamber of Deputies of the Brazilian National Assembly, the chairmen of the Foreign Affairs Committees within the Senate and the Chamber of Deputies, floor leaders of various parties, and other figures.

During the meeting, the president of the Senate said: The SPA delegation's visit to Brazil is of great significance in establishing friendly relations between the two countries. We are well aware of the struggle waged by your government and your people to reunify the country peacefully and to protect their independence, as well as to express full support for their struggle. We wish you success in the struggle to protect peace on the Korean peninsula and to reunify the country peacefully under the correct leadership of the respected His Excellency Kim Chong-il.

Your country values the principle of self-determination by the people and the struggle against interference in

domestic affairs. I firmly believe that, in conformity with such a principle, diplomatic relations between the two countries will be established at an early date, and that relations in various fields will be normalized.

During the meeting, the president of the Chamber of Deputies also welcomed the SPA delegation's visit to Brazil, saying its visit is of great significance to developing bilateral relations between the two countries and two parliaments.

He said he fully knows that the DPRK adheres to an independent stance and is achieving great success in its work for the people's welfare and the country's prosperity. He emphasized he will endeavor to develop friendly and cooperative relations between the two countries and two parliaments.

The delegation was also invited to banquets arranged by the Brazilian Chamber of Deputies and the Brazil-DPRK Lawmakers Group.

DPRK: Foreigners Support 10-Point Unity, Reunification Program

*SK2706100096 Pyongyang KCNA in English
0818 GMT 27 Jun 96*

[Spelling of names as received]

[FBIS Transcribed Text] Pyongyang, June 27 (KCNA) — Foreign visitors to Korea and foreign public praise the three principles of independence, peaceful reunification and great national unity, the 10-Point Program of the Great Unity of the Whole Nation and the proposal for foundation of the Democratic Federal Republic of Koryo put forward by the great leader President Kim Il-song as a true patriotic banner and the nation's common program for reunification, most righteous and reasonable.

The reunification of Korea should be realized independently and peacefully without interference from outside forces, said David Kaseera Kibirango, presidential advisor of Uganda, and stressed that the disturbers of Korea's reunification can not escape from a stern punishment by history.

Narayan Man Bijukchhe, chairman of the Central Committee of the Nepal Worker-Peasant Party, said Korea must be reunified through confederacy, adding that "10-Point Programme of the Great Unity of the Whole Nation for the Reunification of the Country" laid down by President Kim Il-song is a fair way of reunification acceptable to everyone who wants the reunification.

Joe Debono Grech, vice-chairman of the International Liaison Committee for Reunification and Peace in

Korea, noted that the respected President Kim Il-song put forth many proposals for national reunification.

He stressed that the idea of solving the problem of the destiny of the Korean nation on the principle of national independence is absolutely reasonable.

DPRK: Kye Ung-tae Attends Kim Il-song Higher Party School Meeting

*SK2706064496 Pyongyang KCNA in English
0353 GMT 27 Jun 96*

[FBIS Transcribed Text] Pyongyang, June 27 (KCNA) — A meeting was held on June 26 to mark the 50th anniversary of Kim Il-song Higher Party School.

Founded on June 1, 1946, the school is a reliable centre of the Workers' Party of Korea (WPK) for training party cadres of chuche type. Over the past 50 years, it has made a great contribution to solving the problem of cadres urgently raised in strengthening and developing the WPK into a mass party and building a prosperous and powerful, new country.

Kye Ung-tae, member of the Political Bureau and secretary of the Central Committee of the WPK, conveyed a congratulatory message of the WPK Central Committee to all the teaching staff and students of the school.

The message said that Kim Il-song Higher Party School has made contributions to strengthening the WPK forever into the glorious party of Comrade Kim Il-song and firmly establishing the leadership system of the great Comrade Kim Chong-il by training party cadres to possess an unshakable revolutionary outlook on the leader and the revolutionary method of work and the popular style of work in a prospective way in keeping with the requirement of modelling the whole party and society on the chuche idea.

It further said:

Today, the WPK is demonstrating its invincible might as a revolutionary party of chuche and as a veteran and seasoned militant party. This is associated with the devoted efforts of the teaching staff of Kim Il-song higher party school to implement the party's policy of cadre training with credit.

The WPK Central Committee highly praises the school for its great role in the struggle to strengthen and develop the WPK and accomplish the revolutionary cause of chuche, singleheartedly holding the party and the leader in high esteem.

"Order of Kim Il-song" was conferred upon the school at the meeting.

Yi Chang-hwa, first vice-principal of the school, delivered a report.

The reporter said:

The great leader Comrade Kim Il-song gave the school on-the-spot guidance on 27 occasions and highly important teachings on some 160 occasions. And he brightly indicated its road in each period and at each stage of the developing revolution, constantly directed it and showed paternal loving care for it till the last moment of his great life.

The brilliant exploits Comrade Kim Il-song performed for the school will be handed down through generations.

The reporter recalled that the respected General Kim Chong-il has given highly important teachings to the school on more than 150 occasions since he visited it first on December 18, 1960. Under his energetic and wise guidance, the school has discharged its mission and duty with credit, the reporter stressed.

DPRK: Kim Chong-il Portrayed as Legendary Great Man

SK2806041596 *Pyongyang Korean Central Broadcasting Network in Korean*
0923 GMT 27 Jun 96

[Talk show entitled "Stories About the Rock That Flew 1,000 Ri and the Rock That Moved," with Professor and Doctor Kim Sung-kyu, who lectures about Kim Chong-il's revolutionary history in Kim Il-song University's History Department; Kim Mun-uk, chief of the Long-Range Forecast Office of the Central Forecast Institute of the Hydrometeorological Service; and Pyon Ok-su, Central Broadcasting Network reporter; moderated by Yi Kum-sil, member of the Central Broadcasting Committee; from the program "The Great Man of the Century"]

[FBIS Summary] This 25-minute talk show describes Kim Chong-il as a legendary great man. The speakers talk about Kim Chong-il's inspection of front units of the Korean People's Army (KPA) and praise him as "a general who carries clouds with him and controls weather."

One of the speakers talks about Kim Chong-il's visit to the KPA unit on Mt. Taedok on 18 March. He says: The officers were concerned about thick clouds around Mt. Taedok, but the moment Kim Chong-il arrived at the unit, the sky above the enemy side cleared up and the bright sun revealed the enemy camps, while the sky above the KPA unit was still cloudy, so that the enemies could not see the north side. The photographer in charge of the photo session of Kim Chong-il with the soldiers even prepared lights for the rainy weather, but

the sky cleared and the sun provided excellent lighting when Kim Chong-il came to the session. After the session, it snowed to bless the soldiers' honor of being photographed with Kim Chong-il.

Another speaker talks about Kim Chong-il's having the traits of a great general during his childhood: He did not miss a single shot in the game of shooting down pine cones with sling shots. Sometimes he shot down two to three cones at one shot. One day in the spring of 1946, he told his friends: This pine tree looks just like our sling shots. What if we tied a long, thick rubber band around this tree and load a rock? We could destroy the enemies in the south. He did just that the next day, and rocks flew over the mountain with a thundering sound.

The next speaker says: After a few years, a soldier who fought in the south said that in the spring of 1946, when Kim Chong-il fired the rock catapult, a rock dropped from the sky into the garden of the presidential offices in Chongwadae in Seoul and shook all the windows, scaring Chongwadae officials.

Another legend says that a horse from the sky waited a long time on Mt. Yongma for the right master and turned into a rock. When Kim Chong-il went to that mountain, the rock began to move, and when Kim Chong-il tapped the rock, it turned back into a horse and rose to the sky. When Kim Chong-il left the mountain, the horse came down to the earth and turned into a rock again.

DPRK: Publication Anniversary of Work on Chuche Marked

SK2706095796 *Pyongyang KCNA in English*
0814 GMT 27 Jun 96

["Highly Important Work on Chuche Idea" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 27 (KCNA) — NODONG SINMUN today dedicates an article to the 10th anniversary of the publication of "The Chuche Idea Inherits and Develops the Progressive Thought of Humankind", a famous work of the great leader Comrade Kim Chong-il.

In the work, Comrade Kim Chong-il clarified that the chuche idea has originality and inheritance in its relations with the preceding revolutionary ideas of the working class and it is the man-centred idea.

The author of the article says:

The work is an immortal monumental one which eloquently proved that the chuche idea founded by the respected leader Comrade Kim Il-song is a great revolutionary idea, the sum total of the development of the progressive ideas of humankind and its highest peak.

Referring to the significance and vitality of the work, the article points out:

It eloquently proved that the *chuche* idea is the great sum total of the development of the progressive ideas of humankind and its highest peak. It also clearly elucidated what the nucleus of the *chuche* idea is, thus glorifying the greatness of the idea.

It is thanks to the energetic ideological and theoretical activities of the respected General Kim Chong-il that the *chuche* idea has become a great idea. If an idea is helpful toward realising the independence of the popular masses, the *chuche* idea estimates its value on a fair and aboveboard basis, irrespective of which nation and people created it and embraces it within its own ideological system.

The *chuche* idea based on the man-centred outlook on the world is really the supreme humanitarianism which values man most.

The ideological basis of the Korean-style socialism is the *chuche* idea, a man-centred ideology. So, it shines as man-centred socialism, a most advantageous socialism which makes everything in society serve man and solves all problems by means of enhancing the creative role of man.

The man-centred *chuche* idea is a powerful weapon which thoroughly frustrates all kinds of reactionary ideas including material-for-material's-sake doctrine and economy-is-almighty doctrine advocated by the bourgeois restorationists, and a great guiding idea of the current era which tells humankind what road to take for their eternal happiness and prosperity.

DPRK: Painter Who Commemorates Kim Il-song's Death Profiled

SK2806101796 *Pyongyang KCNA in English*
0842 GMT 28 Jun 96

[FBIS Transcribed Text] Pyongyang, June 28 (KCNA) — A Korean painting "1994, A Year of Bitter Tears" is being created at the Mansudae Art Studio in Pyongyang with the approach of the second anniversary of the death of the great leader President Kim Il-song.

The drawing is now near completion. It is composed of seven parts — with the people at a rainy night, tears of blood on Mansu Hill, South Korean people in grief at the sad news, Chongnyon in sorrow at the sad news, the sorrow of five continents, eternal blood vessel and the resolution of all the people.

The star creator of the painting 82 metres long and 2.4 metres wide is people's artist Chong Yong-man, who is famous for his passion for creation.

His distinguished talents are fully applied to the painting worth a national treasure.

It vividly portrays the sorrow of July when a sad news of the sudden death of President Kim Il-song came like a bolt from the blue. Delineated in the painting are the Korean people bursting into bitter tears and beating breasts with their fists at the sad news, Mansu Hill soaked in tears of blood, the sadness of the working people, students and army soldiers seeing off a funeral car along 40-odd-kilometre-long route, the sorrow of the people on the five continents and the firm determination of the people to remain faithful to the behests of the president.

Over 30 years, Chong Yong-man has made a distinguished contribution to the development of the fine arts of the country by creating new art methods based on the Korean painting and a new domain of stage art and producing more than 1,200 pieces of famous works.

Typical of them are Korean paintings "The Great Leader President Kim Il-song and the Dear Leader Comrade Kim Chong-il Standing on Lake Chon of Mt. Paektu," "Evening Glow in Kangson," "Outer Kumgang in Autumn" and "Sea Kumgang."

The landscape painting "Evening Glow in Kangson", which vividly portrays the realities of great socialist construction against the background of the red glow over the city of iron, and other 180 art pieces created by him were highly praised by President Kim Il-song.

His Korean paintings "Ravines of Mt. Kumgang" and "Mt. Kumgang" caused a great sensation at the "89-Exhibition of Koryo Celadon and Famous Drawings" held in Japan in 1989 and an international art exhibition in 1990.

His Korean paintings sent abroad numbered hundreds of pieces.

He has trained more than 150 talented painters, merited artists and people's artists.

He is now devoting all his wisdom and talents to the creation of fine art pieces with a revolutionary passion.

DPRK: Editorial Urges People To Work as Kim Il-song Did

SK0207030996 *Pyongyang KCNA in English*
0307 GMT 2 Jul 96

["Paper Calls for Doing All Work as Comrade Kim Il-song Did" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 2 (KCNA) — To do all work as the great Comrade Kim Il-song did is

the unique style of Korean officials and working people and a proud feature of Korean society.

NODONG SINMUN today stresses this, calling for giving full play to this style in order to strengthen the Workers' Party of Korea as the party of Comrade Kim Il-song and accomplish the chuche cause.

In an editorial dedicated to the second anniversary of the death of the great leader President Kim Il-song, which is drawing near, the paper says:

To do all work as Comrade Kim Il-song did is a noble job of advancing the Korean revolution victoriously and an important guarantee for the prosperity of the country and the motherland.

Comrade Kim Il-song's way consists of the ideology, theory and method of chuche, his lifelong motto in revolution, and the principle and position he consistently maintained in the revolution and construction.

It also contains the outstanding traits and revolutionary methods he showed while leading underground revolutionary struggle, armed struggle, the party, state, military and all other affairs for a long time.

When we do all work as he did, we can victoriously advance our revolution without any deviation, twists and turns and complete the chuche revolution, pulling through any difficulty as in the past.

When we hold fast to his ideology and theory and work with the same iron will and faith and method as his, we will be able to overcome any difficulty and conquer any fortress.

It is the respected Comrade Kim Chong-il's unshakable will to keep the immortal revolutionary achievements of Comrade Kim Il-song as the eternal wealth and complete the chuche cause started by him.

In order to do all work as Comrade Kim Il-song did, we must resolutely defend and exalt his enduring revolutionary achievements and, especially, learn from the leadership traits of Comrade Kim Chong-il.

South Korea

ROK: Kantor Asks ROK To Purchase Theater Missile Defense System

SK0207061296 Seoul CHOSON ILBO in Korean
2 Jul 96 p 2

[Report by Kang Hyo-son and Pak Chong-hun]

[FBIS Translated Text] It was belatedly learned that U.S. Secretary of Commerce Mickey Kantor, in a 25 June meeting with Pak Chae-yun, minister of trade, industry, and energy, called for the purchase of an air defense system in addition to the Patriot missiles.

The U.S. Government also urged the ROK to join the "open sky" agreement which will completely liberalize the operational system and fares of civil airliners.

According to the Ministry of Trade, Industry, and Energy on 1 July, the secretary said: "As I have already told President Kim Yong-sam, the ROK Government should enhance cooperation in its purchase of the Patriot missiles and air defense system." Minister Pak responded that he "will deliver the U.S. Government's stance to the Ministry of National Defense."

The air defense system refers to the Theater Missile Defense System that can intercept such surface-to-surface missiles as the Nodong Nos. 1 and 2 or the Scud.

Secretary Kantor also requested that "the ROK should actively cooperate in opening the sky." The U.S. Government is reportedly demanding the member countries of the Asia-Pacific Economic Cooperation join in the "open sky" agreement which will allow civil airliners to freely fly over each other's territorial skies.

ROK Daily: DPRK Delegates' Visit to Japan Ended 'in Failure'

SK0207032596 Seoul KBS-1 Radio Network
in Korean 2325 GMT 1 Jul 96

[Report by Tokyo-based correspondent Yu Song-chae]

[FBIS Translated Text] While visiting Japan, the delegation of the North Korean Institute for Disarmament and Peace expressed its view that an early resumption of negotiations on establishing diplomatic relations between North Korea and Japan is desirable. However, Japan maintained its position that acceptance of the four-way talks should be a precondition for resuming these negotiations. This was reported by today's YOMIURI SHIMBUN in Japan.

The purpose of the visit by the delegation of the North Korean Institute for Disarmament and Peace was to obtain an understanding of the atmosphere in Japan regarding the resumption of negotiations for normalizing North Korea-Japan diplomatic relations, and at the same time discuss, if possible, the timetable for future negotiations with Japan.

On 26 June, in a meeting with Matsunaga, chairman of the Japan Institute for International Affairs, the organization that invited the North Korean delegation, the delegation extended an invitation to Chairman Matsunaga to visit North Korea. However, Japan has refused to visit North Korea, stating that Chairman Matsunaga is a representative of the Japanese Government for diplomatic issues.

Meanwhile, Yi Chol-chin, a member of the delegation and head of a section in the North Korean Foreign Ministry, emphasized that an early resumption of the negotiations for establishing North Korea-Japan diplomatic relations is important for peace and security in all of Asia. However, Japan urged North Korea to prudently examine the issue of the four-way talks first.

Experts in North Korean affairs in Japan observed that the North Korean delegation's visit to Japan has ended in failure, and it would be difficult for the time being to resume negotiations for normalizing North Korea-Japan diplomatic relations.

ROK: G-7 Praised for Urging DPRK To Accept Four-Way Talks

SK0207014896 Seoul THE KOREA TIMES in English
2 Jul 96 p 6

[Editorial: "G-7 Leaders Korean Bid"]

[FBIS Transcribed Text] G-7 leaders and a representative from Russia have taken a significant step by fully supporting a permanent peace agreement on the Korean peninsula. Ending their summit in Lyon, France, Saturday (29 June), the world leaders in a communique endorsed the proposed four-party talks by South and North Korea plus the United States and China to discuss a permanent peace agreement on the Korean peninsula.

They urged Pyongyang to resume dialogue with Seoul because this was the only means of achieving permanent peace on the Korean peninsula and ensuring a more stable and more secure future for the Korean people.

Also to be noted is their call on North Korea to meet in full its commitments under its safeguards accord with the International Atomic Energy Agency and to make a full disclosure of the history of its nuclear program. In this connection, the G-7 leaders also called for more countries to help fund the Korean Peninsula Energy Development Organization (KEDO) project to build light-water reactors in North Korea to replace Soviet-style atomic power facilities.

This call by the world leaders will serve as a significant pressure on North Korea to come to the dialogue table. North Korea, which has sustained negative economic growth since the turn of the decade, is suffering from acute food shortages. But, to our regret, we in the South can only extend a symbolic helping hand to the North because it continues to adamantly refuse to recognize the real state of its plight and its needs.

Pyongyang has not yet come out with any clear-cut response to the four-nation parley proposed last April by Presidents Kim Yong-sam and Bill Clinton. Our government has the primary responsibility to induce

Pyongyang to accept the proposal, which is by far the most realistic and practical way the two sides can seek terms.

ROK: Kwon O-ki on DPRK 'Power Vacuum,' Rice Aid, LWR Project

SK0207121096 Seoul YONHAP in English
1205 GMT 2 Jul 96

[FBIS Transcribed Text] Seoul, July 2 (YONHAP) — Deputy Prime Minister Kwon O-ki said Tuesday power vacuum goes on in North Korea since the death of Kim Il-sung.

"It would be not surprising if the Pyongyang regime collapses overnight or holds on five to six more years," he said.

Addressing a meeting of the society of National Assemblymen for unification held at the FKI (Federation of Korean Industries) Hall, Kwon said a move is going on in North Korea to prolong the period of mourning for Kim Il-sung for one more year until July next year.

The deputy premier also said that because South Korea provided a large amount of rice to North Korea in haste last year without taking into account psychological aspects, part of the rice shipped has been diverted for use as military provisions in the North.

He thus implied that the government will be very careful in any further assistance to North Korea.

On the light-water reactor project, Kwon said that when the project is undertaken in earnest, about 1,500 experts from the South and 4,500 North Korean technicians and workers would be thrown into the scheme.

ROK: Agency on 'Unusual' Nonappearances of DPRK Officials

SK0207001796 Seoul YONHAP in English
0015 GMT 2 Jul 96

[FBIS Transcribed Text] Tokyo, July 2 (YONHAP) — North Korean Premier Kang Song-san and Vice President Kim Yong-chu have not appeared in public for the past six months, the radio press reported Monday.

The Tokyo-based agency that independently monitors North Korea indicated that there has been no reported movement by Kang since he visited on New Year's day Kumsusan Memorial Palace where the body of the late President Kim Il-sung is kept.

It is extremely unusual for the premier not to appear in public for six months, the agency said, especially since it follows a three-month absence prior to New Year's day appearance.

Rumors in North Korea suggest that Vice Premier Hong Song-nam is acting for Kang, who suffers from diabetes, according to the agency.

It has been confirmed, however, that Kang is still the premier since congratulatory telegrams addressed to foreign counterparts have been sent in his name.

Vice President Kim Yong-chu, younger brother of the late Kim Il-sung, has also been out of public eye since last Dec. 31, the radio press said.

ROK: DPRK Reportedly Allows Selling of Food by Street Vendors

SK0107234796 Seoul KBS-1 Radio Network
in Korean 2300 GMT 2 Jul 96

[FBIS Translated Text] Russia's ITAR-TASS reported that lately North Korea has officially allowed individual commercial transactions. However, the North Korean media makes no mention of this.

Moscow-based correspondent Ko Tae-yong has more:

[Begin Ko recording] ITAR-TASS reported that the North Korean authorities have recently allowed the selling of food by street vendors in Pyongyang and some areas in its outskirts. This is reportedly part of its measures to tide over the institutional crisis resulting from its food shortages.

ITAR-TASS reported that the North Korean authorities have officially allowed the selling of food by street vendors beginning 20 days ago, and that this is the first such instance since the establishment of the North Korean system. Until recently, residents could buy the necessities of life only through state-operated stores or on the black market.

The news agency insisted that anyone can freely engage in street sales if they submit 10 percent of their sales in taxes. It added that the price of goods sold by street vendors is 30 to 40 percent cheaper than those sold in state-operated stores, drawing many consumers.

However, North Korea's official media makes no mention of this. This has been Ko Tae-yong reporting from Moscow. [end recording]

ROK: Article Describes Possible Collapse of DPRK

SK2806054896 Seoul CHUNGANG ILBO in Korean
27 Jun 96 p 6

[Article by Kim Hak-chun, chairman of the Board of Directors of Tanguk University]

[FBIS Translated Text] During a recent visit to the United States this writer could confirm once again that the following three questions regarding a so-

called controversy over North Korea's possible collapse were being discussed among some people in the U.S. Government.

First, will North Korea really collapse? If so, when? The U.S. Department of State tended to think that the collapse of the Kim Chong-il regime prior to the collapse of the North Korean state or government itself would not take place for years to come.

On the contrary, military circles, including the Department of Defense, tended to predict that the Kim Chong-il regime would collapse in three to five years, at least.

The Department of State tended to strictly classify the concepts of the state [kukka], system [cheje], and regime [chonggwon] of North Korea. Accordingly, the department tended to think that even if the Kim Chong-il regime collapsed, the socialist system would continue to exist, and that even if the socialist system were replaced with a market economic system, the state of North Korea would also continue to exist.

However, the majority of people in military circles do not buy this State Department idea: they maintain that once the Kim Chong-il regime collapsed, it would not take long for the socialist system and the "DPRK" to collapse.

Second, will U.S. efforts to lead North Korea, which is "a plane with engine trouble," to a "soft landing" be successful?

Regarding this important, controversial issue, it seemed that the Department of State failed to make a clear-cut conclusion. But, military circles were different from the Department of State. The military circles maintained a pessimistic view on this, rather than an optimistic view. In other words, it seemed to this writer that the military circles were predicting that economic assistance, including food aid, cannot prevent North Korea's collapse and that North Korea will face a great chaotic situation or even a situation of bloodshed.

Now, why do military circles have such pessimistic views?

For instance, according to some experts related to the Defense Intelligence Agency under the Department of Defense, North Korea's economic situation is too serious to be rescued, and it is caused by North Korea's political system and economic structure. Therefore, such a chronic economy in North Korea cannot be healed without enforcing a "North Korean version of the Marshall Plan."

If the so-called forces for reform and opening up take power in North Korea, and if they then turn the North

Korean economy into a market economy, would it be possible to heal such a chronic economy? Those with pessimistic views are still saying "no." In a nutshell, it is too late to lead North Korea to a soft landing in order to rescue its economy.

Third, what situation will develop once North Korea collapses? Some people in South Korea tend to believe that if North Korea collapses, and if the state called "the DPRK" consequently ceases to exist, reunification through South Korea absorbing North Korea will be realized. Is such belief justified?

An interesting answer to this question was presented in a treatise by Major David Maxwell [name as transliterated] of the Command and General Staff College of the U.S. Army, which was carried in CHUNGANG ILBO recently under the title "North Korea's Collapse and the U.S. Army."

In the treatise, he stressed that in the event North Korea collapses, it would be desirable for the ROK to build a combined system [yonhap cheje] with the United States, China, and Russia under the umbrella of the United Nations.

According to his treatise, under this combined system's guidance the ROK should establish a provisional government which would administer North Korea together with other North Korean leaders. After that, the ROK should disarm North Korea's army, introduce a market economy, and then conduct general elections in both the North and South.

Such a concept is not one that only Major Maxwell can present. Many U.S. military experts who are interested in North Korean affairs have the same concept.

This suggests the view that North Korea's collapse may not be followed by reunification through absorption by the ROK.

When the ROK Army and UN Forces were advancing toward North Korea during the Korean war, crossing the 38th parallel, the ROK Government tried to expand its administrative rights to North Korea.

However, the United States and the United Nations opposed it. It seems that if North Korea collapsed, the same situation as the one that developed in 1950 would develop.

North Korea's situation is becoming more serious. Now is the time for us to sincerely study North Korea's possible collapse and to cope fully with it.

ROK: Trade Minister Promotes Relations With Spain, Italy

SK2906014296 Seoul THE KOREA HERALD
in English 29 Jun 96 p 8

[FBIS Transcribed Text] Minister of Trade, Industry and Energy Pak Chae-yun arrived in Madrid Thursday to promote bilateral industrial and trade ties with Spain.

Pak held separate meetings Friday with Spanish Minister of Economy and Finance Rodrigo Rato and Minister of Industry and Energy Josep Pique, during which the hosting officials requested that Korea allow greater market access for Spanish products.

In particular, the Spanish side asked Korea to ease customs inspections on their agricultural and fur exports as well as to withdraw the high adjustment tariffs on woolen items, ministry officials said yesterday, according to dispatches from the Korean delegation.

Minister Pak for his part called for the Madrid government to loosen procedures for the issuance of residential and work permits for Korean businessmen operating in the country as well as concluding bilateral social security pacts.

He also delivered a speech at a meeting of the private Korea-Spain Economic Cooperation Committee, attended by some 120 business officials from the two countries.

Upon his arrival in Spain, the Korea minister paid a courtesy call on King Juan Carlos, who expressed satisfaction with the growing Korean investments in the European country, and hoped that the two countries will further their economic cooperation.

In April, Samsung Electronics Co. dedicated a consumer electronic appliance plant in Barcelona, while Daewoo Electronics Co. announced plans to make direct investments in the Basque provinces.

Before his visit to Spain, Pak arrived in Rome Wednesday. The Korean trade minister met Thursday with the Italian Minister of Foreign Trade Augusto Fantozzi, exchanging views on cementing ties at the bilateral as well as multilateral levels, as Rome is a significant member of the European Union.

The two ministers agreed on the need to reinvigorate governmental economic exchanges, which they saw as falling far short of reaching their full potential, the ministry officials said. Pak and Fantozzi shared the same intent to resume the joint governmental economic committees, which have not met since 1989.

They decided to maintain close cooperation in such areas as design, autos, fashion and machine tools, particularly between small- and medium-sized companies of the two countries.

The Korean minister asked his Italian counterpart to render support for Seoul's petition to sign a Korea-EU agreement on mutual quality assurance of manufactured goods and other efforts regarding industrial and technological cooperation, with the 15-member union.

On a bilateral level, Park requested that Rome help simplify commercial visa issuance procedures, abolish the investment ceiling on Korea's telecommunications equipment and automobile sales, and reconsider the imposition of a 40-percent social security tax on Korean businessmen.

Minister Fantozzi agreed with Pak on the social security tax and investment restraint issues, with respect to which he promised favorable examinations, according to the ministry officials.

The two ministers also discussed Korea's bid to join the Organization for Economic Cooperation and Development as well as cooperation in other international fora.

Later in the day, Park attended a meeting of Korea-Italy Economic Councils held by Confindustria, Italy's national federation of businesses.

About 50 Korean businessmen, led by Kang Pyongho, president of Daewoo Corp., represented Korea in the meeting, during which they and some 50 Italian businessmen discussed promoting mutual cooperation, and the Korean side explained Korea's investment environment, the officials said.

Pak, who was scheduled to attend the July 1-2 meeting of 20 trade ministers in Lausanne, Switzerland, will cut short his European stay and return home Sunday.

ROK: Firms 'Hesitating' Over Information Services Arena

SK3006074396 Seoul THE KOREA HERALD
in English 30 Jun 96 pp 10, 12

[FBIS Transcribed Text] Quite contrary to general expectations, local business conglomerates are not actively showing interest in the "Information Superhighway" network service business.

Industry analysts expected the losers in the recently concluded telecom-licensing contest to launch renewed efforts to grab Information Superhighway telecom service licenses.

But most local conglomerates, except a few, are still hesitating to jump into the race, as they remain unable to determine the profitability of the business.

In an effort to help expedite the construction of the Information Superhighway networks, the government is scheduled to select network service carriers in the country's 226 regions by the end of this year.

Private business concerns, if licensed by the government, will be able to build fiber-optic cable networks in the 226 regions, mostly industrial and port complexes, and offer a variety of multimedia communications and broadcasting services, including local-call service, through the networks.

The government expects the fiber-optic cable networks in the 226 regions to sharply advance the schedule for the 45-trillion-won Information Superhighway project, which calls for replacing household telephone lines across the nation with fiber-optic cable by 2015.

Samsung, Hyundai, LG, Daewoo, Sunkyong and many other big conglomerates have set up task forces to probe the profitability of the superhighway service business. But most of them, except Hyundai and Sunkyong, are said to have reached negative conclusions.

The Samsung Group remains skeptical of whether the superhighway network service licenses would make up for its failure in the race for the personal communications service (PCS) license.

"The Information Superhighway service business will require a significant amount of investment money, but the potential demand for the advanced telecom services in each of the 226 isolated areas defies any prediction," said a Samsung Group executive.

"Worse, the government's decision to limit an individual conglomerate's equity in an Information Superhighway service carrier to between 10 and 33 percent also makes the superhighway license unattractive. Due to the highly sketchy aspects of the business, Samsung may decide to fully concentrate its efforts on capturing the licenses for digital broadcasting satellite (DBS) service and satellite-based wireless communications service," he said.

A Daewoo Group official said that the group has determined that the superhighway service business would be "insufficient to quench its thirst for the telecom service business."

"Considering the benefits of preoccupying the telecom networks and opportunities ahead of other business groups, the investment values are sufficient. However, recovery of the huge amount of investment itself will still remain a controversial issue," the official said.

The LG Group has reportedly given up its plans for the Information Superhighway service business to better concentrate on the PCS business. In contrast,

the Hyundai and Sunkyong groups are convinced that the self-built, regional fiber-optic cable networks would eventually prove beneficial to their broader telecom service ambitions in the future.

The Ministry of Information and Communication (MIC) is scheduled to announce plans to newly license-superhighway network service carriers early next month and accept written applications from aspiring licensees from September before selecting the successful bidders in December.

The 226 specially designated regions include 158 industrial complexes, 17 airport areas, 49 port areas and two free-trade zones. The network builders can provide real-time video-phone service, home-shopping service, video-on-demand (VOD) service and other state-of-the-art multimedia services as well as the local-call service in the regions.

Burma

Burma: NLD Issues Paper on Economics

BK3006135296 (Internet) BurmaNet News in English
28 Jun 96

["Unofficial translation" of the National League for Democracy's 'Paper on Economics' issued at the end of the NLD Congress held in Rangoon on May 26-28]

[FBIS Transcribed Text]

PREAMBLE

At the time of the elections, the National League for Democracy issued a manifesto on its attitudes on the Social, Political and Economic problems in the country in general. Our attitude on economic matters was also expressed there. 11 points were stated as necessary on a short term basis. A sector by sector, long-term plan, setting out work to be carried out in the Economic Sector was also put forward.

It has been six years since the elections and the State Law and Order Restoration Council has, declaring a Market Oriented System, accomplished some changes within the country and, with a view to attracting foreign investment, formed the Myanmar [Burma] Investment Commission. They have promulgated laws felt necessary for the introduction of foreign investment and declared an "Open Door Policy". There has also been efforts to attract foreign investment.

However, the amount of foreign investment or the lack of foreign investment or the wait-and-see attitude of foreign investment is quite evident.

Therefore, as the National League for Democracy feels it is time for a new analysis of the entire situation—Social, Political and Economic—we have here drawn up a revised manifesto based on

(a) the draft of our attitude

(b) our attitudes declared in the elections manifesto regarding the short and long term stances for the Economy and

(c) further proposals put forward by individual experts of the NLD

(A) INITIAL TASKS

1.1 Priority to be given to the reduction of prices and the stabilisation of the currency and job security.

1.2 To effectively manage the State Budget and establish reasonable Budgetary and Financial policies.

1.3 To reassess the rates of exchange between Myanmar [Burmese] and Foreign currencies and make the

necessary changes with the help of the IMF and the IFC [International Finance Corporation].

1.4 Import priority will be accorded extra energy, transport vehicles and goods conducive to the reduction of consumer prices.

1.5 To strive to expand the variety of export items.

1.6 To reassess Investment Laws and make the necessary amendments and annulments in the laws in order to attract foreign investment.

1.7 To reschedule External Debt while, at the same time, seek more foreign aid for the rehabilitation of the country. To strive to obtain loans and grants from the World Bank and the International Monetary Fund.

1.8 To reassess Laws, Rules and Regulations which restrict and limit business and make necessary amendments and annulments.

1.9 To review the present Structure of Taxation of Private Enterprise.

1.10 The various sectors of the Economy must be based on a fully Market Oriented Economic System. Particular encouragement will be given to expedite Private Enterprise.

1.11 To permit Export Subsidies at the present for the short term and to continue to utilise a Multiple Exchange Rate for a short term if necessary.

(B) PHASE BY PHASE IMPLEMENTATION OF ECONOMIC OBJECTIVES

2.1 To Privatised or to return to their former owners, National Enterprises in the Industrial, Construction, Energy, Mining, Services Sectors, etc....

2.2 To incorporate in the State Constitution that Private Enterprises shall not be Nationalised.

2.3 Permits to be granted for Private and Joint Venture enterprises to develop and do business in Gems and Mining.

2.4 To liquidate and abolish all Nationalised enterprises except those that will cause immediate retrenchment and create an unemployment problem. To review and amend the Investment Organisational Structure of such Enterprises that cannot be immediately liquidated and strictly curb all unnecessary expenditures.

2.5 To give the people security by taking full responsibility for all currencies officially circulated.

2.6 To make widespread use of modern techniques and technology in the fields of Public Relations, Agro-based

enterprises, Trade and Commerce and Education for the development of the country.

(C) TRANSPORT AND COMMUNICATION

3.1 Emphasis shall be placed on expansion and renovation of the Transport and Communications sector to expedite and facilitate the flow of goods and commodities with a view to the reduction of prices.

3.2 Emphasis shall be placed on priorities to expansion of communications in regions where development has been slow.

4.1 Land Lordism shall be prohibited. The peasantry shall have the right to own or transfer farmland.

4.2 On one hand the peasantry shall have the security of the minimal bench price of produce which remunerates him for his cost of living and the cost of production in line with the market system. On the other remuneration [as received] must be made for a relation between domestic and international prices.

4.3 Permission will be granted for freedom in cultivation, storing, milling transportation and sales of produce.

4.4 The Agricultural Banking system will be expanded with a view to making short and long term loans and provision of grants for the maintenance of arable land.

4.5 Emphasis shall be given to the reclamation of fallow land.

4.6 Aid and encouragement will be provided for the easy access to and cultivation of high-yield varieties.

4.7 The state shall do its utmost to establish more Fertilizer Factories for the sufficiency of the fertilizer. Widespread education campaigns shall be carried out to promote the systematic and effective use of fertilizers and pesticides in an environmentally friendly manner.

4.8 Priority shall be given to modern agricultural machinery.

4.9 To promote production of Export oriented produce other than only rice and Industry based crops.

4.10 To permit land grants to the private sector for development of the agricultural sector and fallow and free land for the cultivation of long-term crops.

4.11 Emphasis to be placed on gaining modern expertise. To increase the number of persons with modern expertise.

4.12 To revise the law on Nationalisation of farmland, the law on crop rotation and the law on the protection of the rights of the peasants.

4.13 To increase the area of farmland under irrigation. To expand small and large-scale reservoirs and irriga-

tion systems in all ways possible and to seek foreign aid if necessary for this purpose.

4.14 To develop water resources for cultivation and human purposes. To spread techniques and expertise. To expand different levels of expertise from various sources to obtain energy in the rural areas.

(E) STANCE ON FORESTS AND FORESTRY PRODUCTS [No (D) as received]

5.1 The State shall administer Environmental Conservation, prevention of deforestation and conservation of forests.

5.2 A systematic approach for domestic use of Forests and Forestry products shall be carried out.

5.3 Systematic implementation of Timber Extraction of Teak and other Hardwoods and Export to be carried out in consultation and analysis with experts.

5.4 Control of soil erosion to prevent deforestation. Reforestation, Systematic establishment of protected forests to be implemented on a long-term basis.

5.5 Expansion and review of cultivation and distribution of timber for domestic and industrial use.

5.6 Contact with various international organisations for modern techniques and expertise for the upgrading of technology, machinery and equipment necessary for the Forestry Sector.

5.7 To establish reasonable rules and regulations for the right of local private users, Industries which who depend upon the Forest Industry and Forestry workers to utilise Forestry products.

5.8 To carry out, according to the laws, the necessary requirements for the export, domestic distribution and production of finished products from timber that is produced by the Private developers and privately owned saw-mills.

CONCLUSION

From the Soviet Union to Myanmar, it is quite clear that there can be no progress when the government monopolises the economy.

Implementation of that system will curtail Social and Political reforms. When the people have to kow-tow to the authorities in all matters, it corrupts the authorities and lowers the dignity of the people. The National League for Democracy will strive to alleviate, as much as possible, the burden of taxes borne by the people. The aim is to establish a society which government interference in the various aspects of individual life is kept to a minimum.

A regular market mechanism is required for a Market Oriented System to flourish and for that there must be a rule of law within the country. Genuine competitiveness can only occur when there is a Rule of Law and an equitable judicial system. When there is a lack of this, people do not have the protection of the law; who are aggrieved and distrust the judicial system, tend to go outside the law.

On the obverse side, experience internationally, notes that this produces the Rule of Persons in which authorities give preferential treatment to relatives and close associates, giving rise to Cronyism.

This is why the League believes that emphasis must be given to first establishing a firm Legal-Judicial Structure in order to develop a Market Oriented System. It will be noticed that people of all political hues use the phrase "Market Economy". It is the aim of the National League for Democracy to promote a Market Economy that provides all the basic freedoms of human society and which opens the field for maximum development of skills and creativity for effective development.

Burma: Exiled NLD Leader Delivers Address in Tokyo

BK3006134896 (Internet) BurmaNet News in English
29 Jun 96

[Address by U Win Khet, chairman of the National League for Democracy-Liberated Area, delivered to the Meeting of the Socialist International Asia-Pacific Committee held in Tokyo on 28-29 June]

[FBIS Transcribed Text] Mr. President, Secretary-General Ayala and respected delegates, thank you once again for this opportunity to address you on the issue of Burma. As you are aware, the current situation in Burma is very tense. In spite of assurances by some quarters that things are improving in Burma, the situation is in fact deteriorating.

Only last weekend, Mr. Leo Nichols, the 65-year-old Anglo-Burmese honorary consul of Norway in Burma died in custody. He was also the contact person for Denmark and Sweden. Mr. Nichols was arrested in April for allegedly using fax machines without the permission of the military junta. Mr. Nichols was a businessman. How can a businessman do business without a fax machine? For his crime, he was sentenced to 3 years in prison. Worse still he was put into solitary confinement and interrogated daily from the day of his arrest until 2 days before his death. Mr. Nichols had a heart condition but he was not allowed to take his medication and he was not given any medical attention. When the Burmese military realized he was dying, they quickly transferred him to the Rangoon General

Hospital so that they could claim that he did not die in prison. Mr. Nichols died 1 hour after he arrived at the hospital.

Some of you may be wondering why I have talked at length about Mr. Nichols. His treatment by agents of the State Law and Order Restoration Council (SLORC) is shocking enough. But what makes it worse is that SLORC picked on him because he was a very close friend of Daw Aung San Suu Kyi's family. He was the man who telephoned her in 1988 to tell her about her mother's illness and advise her to return home. He was not a politician and he had no ties to the National League for Democracy [NLD]. But when Daw Aung San Suu Kyi needed a car to travel to some place or the other, he would lend her his car. He was a good friend. That in the eyes of SLORC was his real crime and he died for it.

His death in custody underlines the seriousness of the strategy SLORC is using to isolate and demoralize Daw Aung San Suu Kyi. We have all heard of the over two hundred elected members of parliament who were arrested by SLORC in May to prevent them from attending the NLD conference in Rangoon. Most of them have now been released. What many are not aware of is that hundreds of others were also arrested at the same time as the members of parliament. Among those arrested included U Win Htein, a senior aide to Daw Aung San Suu Kyi and her press secretary, U Aye Win. U Win Htein has been transferred to Insein Prison where he will likely be sentenced to a long jail term. U Aye Win is Daw Aung San Suu Kyi's cousin and elder brother of Dr. Sein Win, our Prime Minister-in-exile. He is still undergoing interrogation and perhaps torture in a military intelligence detention centre.

SLORC is systematically eliminating all those close to Daw Aung San Suu Kyi so that she is left with no one she can trust and depend on around her. Her close associates are now virtually under house arrest with her. They cannot step out of her compound and return to their homes because they will be arrested. There are now more than twenty people living in her house. SLORC is hitting very close to home and we cannot rule out the possibility that they will not move against her personally. In early June, SLORC passed a new law that can see her party disbanded and herself imprisoned for up to twenty years. We cannot allow that to happen. As I mentioned earlier, the situation in Burma is not getting better. We must not be lulled into complacency. We must renew our efforts even more at this time because if we do not do so, SLORC will continue to tighten its grip around Daw Aung San Suu Kyi.

I have stressed the urgency and seriousness of the current situation and the need for us to act immediately. But I do not want to leave you with the impression that all is hopeless. That is far from the case. The situation is serious and we are fast approaching a crisis point but there is much to hope for.

First, the people of Burma have been revitalized. In spite of the fact that it is technically illegal for the people to gather to hear Daw Aung San Suu Kyi speak, in spite of the fact that SLORC was arresting hundreds of people who were planning to attend the NLD Conference at the end of May, ten thousand showed up on 26 May to hear her. That was the largest pro-democracy gathering since 1988. People are losing their fear. They are now determined to quietly fight for their rights without resorting to violence. To me, that is the most encouraging sign. We can surely overcome the military if the people are disciplined and united.

Second, the generals were caught off guard by the events of May. They did not expect the strong international reaction in response to their crackdown against pro-democracy advocates. Even Japan and Thailand joined in the public criticism of their actions. The quandary the generals are in was clearly demonstrated in the government-controlled press on 27 May. One paper denounced Daw Aung San Suu Kyi and her colleagues as traitors and compared them to maggots in the flesh. Another was more conciliatory, addressing Daw Aung San Suu Kyi respectfully and talked about democratic principles. The generals now know that if they crackdown further, it will adversely affect their image and the possibility of more aid, especially from Japan. But at the same time, if they do not crackdown, they will lose more control. They will have to decide soon and we must ensure that they make the right decision.

Third, with the release of Daw Aung San Suu Kyi in July 1995, many businesses and even government leaders concluded that the generals in Burma are firmly in control. They wrote off the democracy movement and decided that they had better repair their relationships with SLORC for the long term. But the events of May showed that the democracy movement cannot be ignored or marginalized. The generals no longer hold the political initiative. It is now Daw Aung San Suu Kyi who is calling the shots and the generals are having to react to her political initiatives.

Ladies and gentlemen, I believe we are seeing the beginning of the possibility for change in Burma. It will be very dangerous for Daw Aung San Suu Kyi and her colleagues in the next few months. It will also be very difficult. But we can be more hopeful. The concern and solidarity the SI [Socialist International] and its member

organizations have shown for the people of Burma has already brought results. I would like to, therefore, urge all of you to renew your efforts in whatever way possible, to help ease the situation in Burma. We need your help now more than ever. Daw Aung San Suu Kyi needs your help. Thank you.

Meeting of the Socialist International Asia-Pacific Committee Tokyo 28-29 June 1996 RESOLUTION ON BURMA

The Asia-Pacific Committee of the Socialist International, meeting in Tokyo, Japan:

NOTES WITH CONCERN the deteriorating political situation in Burma as witnessed by the death of Mr. James Leander Leo' Nichols and the continued detention of U Win Htein and U Aye Win;

RECALLING the resolutions adopted by the Council of the Socialist International adopted in Tokyo on 11 May 1994, in Cape Town on 11 July 1995, and in Brussels on 8 December 1995, and the resolutions of the of the SI Asia-Pacific Committee adopted in Manila in February 1995 and in Sydney in September 1995, the Asia-Pacific Committee of the Socialist International;

STRONGLY CONDEMNS SLORC's use of arbitrary laws to increasingly restrict the people of Burma and deny them the right to exercise their fundamental freedoms including the freedom of expression, association, and assembly;

STRONGLY CONDEMNS SLORC's continued military offensive against the Karenni people and the systematic use of torture, summary executions, forced labour in development projects, forced portage of villagers for the military, forced conscription into the armed forces, forced dislocation of the population, and the rape of women especially in ethnic areas and against religious minorities;

CALLS ON the United Nations Secretary-General to urgently implement the December 1995 General Assembly resolution to find a political solution in Burma;

CALLS ON the governments of Japan, ASEAN and other nations to support Aung San Suu Kyi's efforts to promote national reconciliation in Burma;

CALLS ON the international financial institutions and governments including UN agencies, to refrain from renewing ODA [Official Development Assistance] assistance, development and assistance programs, and loans, until SLORC begins a political dialogue with Aung San Suu Kyi;

URGES SI members parties who are in government, to fully support the efforts of the UN Secretary-General and to actively seek to implement this resolution;

URGES SI member parties to fully support the efforts of Aung San Suu Kyi and the Burmese democracy movement, by whatever means possible;

URGENTLY URGES SLORC to begin a political dialogue with Aung San Suu Kyi;

URGENTLY URGES SLORC to release all political prisoners including those recently arrested in May;

URGENTLY URGES SLORC to lift all laws restricting fundamental freedoms, including the freedom of speech, assembly, association and of the press;

INSISTS THAT the genuine national Constitution should be drafted by the freely and democratically elected representatives of the people; and

REITERATES its intention, first declared at the Manila meeting of the Asia-Pacific Committee in February 1995, to continue efforts to carry out the planned SI mission to that country, which has to date been denied entry by the Burmese authorities.

Burma: NLD Spokesman Accuses SLORC of 'Coercion', 'Lawless' Acts

*BK3006150696 Hong Kong AFP in English
1358 GMT 30 Jun 96*

[FBIS Transcribed Text] RANGOON, June 30 (AFP) — A National League for Democracy (NLD) spokesman Sunday accused Burma's military rulers of using "coercion" and other "lawless procedures" against opposition activists.

Addressing a regular weekend rally at the home of NLD leader Aung San Suu Kyi, Tin Oo denounced a law recently passed by the junta and intended to effectively ban opposition political activities.

Earlier, Aung San Suu Kyi told the same crowd that officially-sponsored mass rallies held around the country to show support for the government were put-up jobs which participants were either bribed or coerced to attend.

"You can never really win over the hearts of the people by using such methods ... Any response shown will be superficial," she said.

The law, seen as targeting the NLD and its regular Saturday-Sunday meet-the-public sessions, provides for stringent penalties against parties or individuals deemed to be instigating unrest.

Tin Oo, an NLD vice-chairman, said that NLD members jailed last month in a bid to thwart a party conference were still in jail or, when released, continued to be harassed.

He accused the junta of using "undue influence, coercion and mis-representation" which, he said, were "lawless procedures unworthy of a government."

Tin Oo dismissed the threats to the NLD, saying to loud applause: "The darkest hours before dawn will inevitably herald the dawn of democracy in our country."

He alleged that the junta was using a variety of methods to try to win over NLD members, "such as economic and social enticements as well as the use of threat."

He was referring in part to official reports that more than a dozen NLD activists — all victorious candidates in the abortive 1990 general elections — had decided to quit politics after the sweep against the party in May.

"Every single one of our candidates continues to be acknowledged and accepted by our party," he maintained, reiterating a position earlier expressed by Aung San Suu Kyi.

"We are again facing difficulties at this hour, but we shall surely overcome them with the support and compassion of our people behind us," Tin Oo said.

The Sunday meeting, which attracted a large, orderly crowd despite the threat of official action, ended without incident.

"We didn't even get to hand out a single ticket for a traffic violation today," a local official said.

Thousands gather outside the gate to Aung San Suu Kyi's compound each weekend to hear the NLD leaders speak on a variety of topical issues and answer questions from the public.

Crowds are confined behind barricades on both sides of the street, allowing room for traffic to pass through between the lines.

Burma: Two NLD Parliament Members From Ye, Hsipaw Resign

*BK0107145896 Rangoon Radio Myanmar in Burmese
1330 GMT 1 Jul 96*

[FBIS Translated Text] Dr. Kyin Thein of the National League for Democracy [NLD] who was elected a member to the People's Assembly in Ye Township Constituent-2, Mon State during the Multiparty Democratic General Elections submitted his resignation to withdraw as an elected representative, stating that he has no desire to pursue the party politics.

U Sai Aung Than of the NLD, who was elected member of the People's Assembly in Hsipaw Township

Constituent-2, Shan State during the Multiparty Democratic General Elections, submitted his resignation to withdraw as an elected representative stating that he has already withdrawn his membership from the NLD and as a NLD organizer in Hsipaw Township. He added he no longer has any desire to pursue the party politics. They have both submitted their resignations of their own volition.

The Multiparty Democratic General Election Commission has accepted their resignations effective today in accordance with Section 11, Subsection E of the People's Assembly Election Law.

Brunei, Malaysia & Singapore

Malaysia

Malaysia: Government Rejects UN Secretary General for 2d Term

BK3006135096 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 30 Jun 96

[FBIS Translated Text] Malaysia will not support the United Nations Secretary General Butrus Butrus-Ghali's wish to lead the world body for a second term.

Prime Minister Datuk Sri Dr. Mahathir Mohamed said that Butrus-Ghali had failed to perform his duty as a leader of a world body. He was incapable of resolving several issues. For example, many people were killed in Bosnia, yet the problem remains unsolved. Malaysia was not satisfied with his performance and totally rejected him for another term of office.

Dr. Mahathir was speaking at a press conference at the end of his visit to Langkawi Island.

He said Malaysia was not confident that Butrus-Ghali could carry out his duty as expected if he was remained in office.

Butrus-Ghali's term of office will expire on 31 December. He was reportedly trying to get Asia's support to retain the post following reports that Washington does not support his appointment for a second term.

Malaysia: Rejection of Butrus-Ghali Reappointment Viewed

BK0207113296 Kuala Lumpur UTUSAN MALAYSIA in Malay 2 Jul 96 p 6

[Editorial: "Butrus-Ghali Does Not Get Support"]

[FBIS Translated Text] Malaysia has affirmed that it will not support the reappointment of Butrus Butrus-Ghali as the United Nations Secretary General.

Announcing the decision, Prime Minister Datuk Sri Dr. Mahathir Mohamed said Malaysia does not agree with

the reappointment of Butrus-Ghali as he has failed to carry out his duties effectively, particularly in handling the conflict in Bosnia-Herzegovina.

Malaysia's decision came as no surprise given the record of Butrus-Ghali's performance and efforts in solving several pressing international issues, including the Balkan conflict and the crises in Somalia and Rwanda.

Besides, Malaysia and some other nations had previously urged Butrus-Ghali to relinquish his position when the Bosnian conflict was raging and the international community was questioning the UN's credibility in solving it.

The UN's delayed action not only provided the aggressive Serbs with the opportunity of killing multitudes of Bosnians but also prolonged the conflict.

Butrus-Ghali, aged 73, began serving as the UN Secretary General on 1 January 1992, replacing Peruvian diplomat, Javier Perez de Cuellar. His term of office will end at the end of this year.

Last Wednesday, Butrus-Ghali announced that he will contest for a second term. His decision showed that he rejected the U.S. proposal for him to continue serving for another year, while seeking a capable candidate to replace him.

The former Egyptian prime minister's offer to contest for another term not only brought forth heated reaction from certain parties but also faced Washington's disapproval. A proposal was raised to select another suitable and more credible candidate.

To apply pressure on Butrus-Ghali, Washington also delayed its U.S.\$2.5 billion contribution to the UN.

Based on article 9 of the UN Charter, the decision to select candidates for the UN Secretary General will be made by the 185 General Assembly members, with the support of the 15 members of the Security Council.

However, the deciding factor with regard to the appointment remains with the countries empowered with veto vote, namely the United States, France, Britain, Russia, and China. In this regard, Malaysia has yet to nominate any candidate to replace Butrus-Ghali. As such, it definite that the candidate who will head the world body will be someone who has the qualities of dynamism and leadership and who is capable of making changes.

In short, the new UN secretary general should be capable of redeeming the world body's credibility and trust, which have become questionable, particularly among the smaller nations.

The UN's role should be restructured according to the ever changing era and the UN secretary general needs to be trustworthy in discharging his duties and should also not only act in compliance to the pointing finger.

Cambodia

Cambodia: Khmer Rouge Warns Australia Against Interference

BK2906161996 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 28 Jun 96

[Communique issued by the spokesman of the Provisional Government of National Union and National Salvation of Cambodia on 27 June; place not given — read by announcer]

[FBIS Translated Text] 1. The Australian Government has become even more deeply involved in kindling the communist Vietnamese war of aggression and extermination of the Cambodian race. The Australians have come to personally train the communist Vietnamese puppet troops who escaped from death. They transported war material to the two heads, including heavy and light guns and especially [words indistinct] mines, through their so-called joint exercises so as to enable their puppet-lackeys to continue killing the Cambodian people.

2. This activity of the Australian Administration is worse than mere interference in Cambodia's internal affairs, worse than a violation of the Cambodian people's right to self-determination. It is pure involvement, it is joining hands with the communist Vietnamese and their puppet-lackeys, to continue kindling the communist Vietnamese war of aggression and extermination of the Cambodian race. It is a war crime, a crime of genocide, an enormous crime against mankind that the Cambodian nation and people and all the world people most angrily condemn.

3. We ask: From what situation is the Australian Government coming in to rescue the two heads — its puppet-lackeys?

It is the situation that its puppet-lackeys have suffered crushing defeats and all-round agony, especially after suffering most serious defeats on the military battlefield in the 18th dry season. That was their strategic, final defeat. The two heads' troops, both commanders and subordinates, collapsed. The poor peasants — used previously by the two heads as a source for forcibly recruiting soldiers and militiamen to fight and die for them — have turned to fight against them. The civilian administrations in villages and communes — the buttress of their forces — have been attacked

and wiped out successively by the poor people and peasants together with the National Army of Democratic Kampuchea [NADK].

The two heads have suffered a shortage of fighting troops. In such a situation, no magician can rescue them. Nor can the communist Vietnamese, nor the alliance, nor the Australians. They definitely cannot. They will only suffer more serious defeats, continue to decline, and totally collapse in the end.

4. The Cambodian nation and people and the Provisional Government of National Union and National Salvation of Cambodia [PGNUNS] warn the Australian Administration that it must be held fully and totally accountable for its past, present, and future crime of meddling, with the intent to continue kindling communist Vietnam's war of aggression and extermination of the Cambodian race.

The Cambodian nation and people have the sacred right to wage all forms of struggle to salvage and preserve their nation and race from being annexed by communist Vietnam.

Those who play with fire will be burned by fire. [Dated] 27 June 1996 [Signed] The PGNUNS spokesman

Cambodia: King Asks Premiers To Pardon Jailed Opposition Journalist

BK0207073696 Hong Kong AFP in English 0644 GMT 2 Jul 96

[FBIS Transcribed Text] PHNOM PENH, July 2 (AFP) — King Norodom Sihanouk on Tuesday asked Cambodia's two prime ministers to agree to a royal pardon for an opposition journalist who was jailed and fined last week on charges of defaming them.

The king did not defend Chan Ratana, the editor of the Khmer-language Voice of Khmer Youth newspaper whose defamation conviction was upheld by the Supreme Court on Friday, but asked the co-premiers to exercise Buddhist tolerance.

"Your act of clemency in regard to those who unjustly drag you through the mud will ... give more credibility and prestige to our young and liberal democracy," the king said in a letter to Prince Norodom Ranariddh and Hun Sen.

He said he too had been the victim of vicious libel and slander, but had decided it was better to not attack his enemies.

"I am sure that (you) will accept the inspiration of my example to give to your enemies who are very unfair and unjustly insolent to you the same Buddhist tolerance," the king wrote in the letter released by the palace.

Prince Ranariddh and Hun Sen initiated the lawsuit against Chan Ratana last February after his paper, which supports dissident Sam Rainsy and his opposition Khmer Nation Party, printed a story allegedly ridiculing the prince.

At trial, he was found guilty of spreading disinformation, but an appeals court in October changed the charge to defamation.

The Supreme Court upheld the appeals court decision and immediately after announcing their decision, Chan Ratana was taken to Phnom Penh's notorious, colonial-era T-3 prison on a one-year jail term.

Human rights and press freedom groups attacked the court's decision, noting that the country's new press law, passed after Chan Ratana's original conviction does not allow jail terms in defamation cases.

They also said the offending article was a piece of opinion and therefore protected under Cambodia's constitution — a claim dismissed by the Supreme Court.

Amnesty International has described Chan Ratana as a "prisoner of conscience" and called for his immediate release.

Earlier this year, King Sihanouk said he would grant pardons to Chan Ratana and two other opposition editors convicted of the same charges — one of whom was recently murdered — if the co-premiers agreed to it.

Shortly afterwards, Prince Ranariddh said he would agree to a pardon and after Chan Ratana's appeal failed on Friday, Hun Sen said he would support the king if he decided to grant clemency.

Indonesia

Indonesia: Suharto Meets With Iraqi Trade Minister

JN2906122596 Baghdad INA in English
1015 GMT 29 Jun 96

[FBIS Transcribed Text] Jakarta, June 29, INA—Iraq's Minister of Trade Mr. Muhammad Mahdi Salih conveyed President Saddam Husayn's regards to President Suharto of Indonesia and his excellency's wishes of progress and prosperity for the Indonesian people.

During an audience with President Suharto here on Friday (28 June), Mr. Salih expressed appreciation of the Iraqi people and government for the Indonesian positive attitude towards Iraq and her continuous calls for lifting the unfair embargo imposed on Iraq for over five years now.

President of Indonesia sent regards and wishes of progress and prosperity for President Saddam Husayn

and the Iraqi people, expressing as well his country's desire for enforcing ties of friendship and cooperation with Iraq.

President Suharto further confirmed his government's support for Iraq and for any move to be taken for the complete lifting of the unjust embargo imposed since 1990 and caused as much suffering for the Iraqi people.

The trade minister has met here as well with the Indonesian Vice-President Mr. Sutrisno. During the audience, means for enhancing cooperation between the two friendly countries were reviewed.

Moreover, the minister explained the hard situation Iraq is undergoing due to the embargo in position for nearly six years now. A reference was also made to the understanding memorandum signed between Iraq and the United Nations over the sale of oil-for-food, medicine, and other essentials to the Iraqi people.

Indonesia: Trade Minister, Iraqi Counterpart Sign Minutes

JN2906123096 Baghdad INA in English
1030 GMT 29 Jun 96

[FBIS Transcribed Text] Jakarta, June 29, INA—Iraq and Indonesia have officially ratified here lately Friday (28 June) the fourth meeting minute of the Iraqi-Indonesian joint committee.

The joint minute was signed by Mr. Muhammad Mahdi Salih, Iraq's minister of trade, and Mr. Tungki Ariwibowo, the Indonesian minister of trade and industry.

After the ratification of the main minute, Iraq's minister of trade stated that the visit of the Iraqi delegation to Indonesia aimed at consolidating cooperation relations in economic, trade, scientific, and technical areas and in line with the understanding memorandum signed recently between Iraq and the United Nations over the oil-for-food and medicine sale.

Mr. Salih demanded Indonesia to participate in providing Iraq with its needs of foodstuffs in addition to participating in operations of ships maintenance and repair.

The Indonesian minister of trade and industry displayed that the visit of the Iraqi delegation to Jakarta came for reviewing means for further developing trade relations between the two countries especially after the ratification of the Iraq-UN understanding memorandum.

The Indonesian minister added that the joint minute signed between Iraq and Indonesia tackled all aspects of mutual cooperation.

Moreover, Iraq's minister of trade gave a statement to the Indonesian paper YELYETA [name of paper as

received] pointing that trade relations with Indonesia stretches to years before the embargo imposition on Iraq and will be nourished again after the complete lifting of it.

The minister further demonstrated that size of trade between the two countries before the embargo was estimated with 250,000 000 U.S. dollars, confirming again that relations between the two countries are as good for their being conventional and deeply rooted.

Laos

Laos: Foreign Investment, Cooperation With Thailand Promoted

BK2706070696 *Vientiane VIENTIANE TIMES*
in English 27 Jun 96 p 12

[Report by Molakot]

[FBIS Transcribed Text] The government of the Lao PDR [Lao People's Democratic Republic] will resolutely carry on economic reforms and will continue to boost co-operation with other countries and encourage foreign investment. The statement was made by Deputy Prime Minister Boun-gnang Volachit at a Lao-Thai seminar on investment organised on June 19 in Vientiane, during Thai Prime Minister Banhan Sinlapa-Acha's official visit in Laos.

Addressing the Lao and Thai businessmen and officials, Deputy Prime Minister Boun-gnang Volachit said the gathering was aimed at promoting Thai investment in Laos through creating among Thai businessmen a better understanding of the country's investment conditions.

Recalling that, since Laos has embarked on economic reforms in 1986, and shifted to market oriented economy, it has promoted all economic sectors, state and private alike, and encouraged foreign investment. To this end the government has created all the prerequisites, such as building the necessary infrastructure, enacting laws and defining the areas of priority for investment. Those areas are agriculture and forestry, energy, processing industry, mining, communications, transport and services, mainly tourism. The government is satisfied that this policy has achieved results that are satisfactory in many respects, thus giving a steady pace to the country's economic expansion and improving the people's quality of life.

The deputy prime minister strongly stressed that Laos will carry on its economic reforms and continue to boost co-operation with other countries and encourage foreign investment. That should be done under the principles of respect for each other's independence and sovereignty, non interference in each other's internal

affairs, ensurance of reciprocal interest and peaceful coexistence.

"Laos gives special importance to the co-operation with its neighbours and with all countries in Southeast Asia," Mr. Boun-gnang said. Recalling that Thailand ranked first among investors in Laos, the deputy prime minister said the government would continue to give all facilities to Thai investors so as to meet the interests of both sides.

Thai Prime Minister Banhan Sinlapa-Acha pointed out that the two countries and peoples shared many similarities. He said Laos, with its peace and stability, its great potential and rich natural resources, its ideal location as a link between Thailand, Vietnam, Cambodia, China and Myanmar [Burma], is important for Thailand which is the No 1 investor with nearly 200 projects. He insisted that investment should meet the long term interests of both sides. "With Prime Minister Khamtai Siphandon, we agreed that, thanks to the profound good neighbourly relations between the two countries, showing sincerity and honesty, there is no problem, no obstacle that cannot be surmounted. The important thing is to eradicate the suspicion that remains in the hearts of both peoples," the Thai premier said. Mr. Banhan said he would come back to Laos often, but not as an official guest.

Later, at a press conference, the Thai prime minister said he had proposed to the Lao side to set up a body at foreign ministers' level to settle issues between the two countries that cannot be solved at local level.

"We are here to promote the long standing relationship between Thailand and Laos," he said referring to the opening of a Thai Consulate in Savannakhet and a Lao Consulate in Khon Kaen as tokens of the strengthening of the friendship between the two countries.

Laos: Second Border Meeting Held With Thai Subcommittee

BK0107102896 *Vientiane Vitthayou Hengsat Radio Network in Lao* 0000 GMT 30 Jun 96

[FBIS Translated Text] The second 1996 meeting between the Lao-Thai and Thai-Lao general border peace-keeping cooperation subcommittees was held at Lat-savong hotel in Vientiane on the morning of 29 June hosted by the Lao subcommittee. Attending the meeting as head of the Lao side was Brigadier General Douangchai Pichit, acting head of the General Staff Department of the Lao People's Army and concurrently chairman of the Lao-Thai General Border Peacekeeping Cooperation Subcommittee. The Thai side was headed by Lieutenant General Phairot Muksaya, chief of the Directorate of Operations and chairman of the Thai-Lao

General Border Peacekeeping Cooperation Subcommittee. More than 30 officials representing both sides also attended the meeting.

Brig. Gen. Douangchai Phichit, chairman of the Lao side's subcommittee, reviewed the implementation of border tasks by the subcommittees of the two sides over the past three months. He noted that following implementation of the tasks, Lao-Thai relations improved step by step, beginning from the head-of-government level down to the local level. Noteworthy is the further strengthening of relations and cooperation between the two armies which have regularly contacted each other and exchanged visits. Coordination between both sides is considered another significant factor for cooperation in maintaining peace and order along the border of the two countries. Due to good coordination, consultative meetings to exchange views and discuss problems affecting Lao-Thai relations have been held in an atmosphere of good mutual understanding.

Both sides also encouraged their provincial officials to hold meetings to settle problems arising at the local level. As a result, exchanges of visits and trading activities between the local people of the two sides have been carried out in an ever more favorable manner. Both sides informed each other of the general situation and of certain problems arising along the border over the past three months and then jointly discussed ways to settle the problems. They also assessed achievements in implementing the memorandum signed by the two sides' subcommittees following their first 1996 meeting held in Thailand's Chiang Rai Province in March. In conclusion, the chairmen of the two sides signed a memorandum and pledged to have it implemented even more effectively.

Philippines

Philippines: Garment Complaint Against U.S. Filed at WTO

BK0207103196 Manila BUSINESS WORLD
in English 2 Jul 96

[Report by Ma. Clarissa S. Batino — received via Internet]

[FBIS Transcribed Text] The Philippines has filed a complaint against the United States before the World Trade Organization (WTO).

The move seeks relief for its 50 medium-sized enterprises employing roughly 5,000 workers disadvantaged by the implementation of the new US law on garment importation which began yesterday.

Director Escolastica Segovia of the Garments and Textile Export Board (GTEB) said the WTO complaint the

government lodged last week was meant to find "just compensation" for the country's home furnishings and embroidery sector that was severely affected by the new policy.

Under the old rule, a finished garment would be credited to the country provided substantial transformation or value-added was introduced.

With the new law, garments produced out of yarns and textiles covered by the policy would be credited to the actual country of origin whether or not sufficient value-added could be proven.

The US Government's new tact, aside from stunting the growth of the sector which has "promising potential," will also slice the country's export receipts by an estimated \$30 million yearly, said the GTEB head.

"This new policy adversely affects and constrains our market and under policies of WTO where we are both signatories, this is not allowed," she noted.

Agreement

Article 4 of WTO's agreement on textile and clothing states in part that changes in practices rules, procedures, and categorization of textile products should not upset the balance or rights and obligations between members, adversely affect access or disrupt trade.

The Philippines wants the US to "restore the status quo" or at least exempt the country's affected product from the coverage.

WTO's textile mediation board generally resolves dispute by increasing quota of the aggrieved party. But this will not alleviate the situation for the country's affected sector.

"If US will compensate, it is to exclude our products from the list of coverage because even if they increase our quota it would still not be credited to us since we are not the country of origin," Ms. Segovia explained.

Of the list US has included in its new policy, the country's garment sector would be hit most in the following product groups; quilted textile; blankets and rugs; bed linens; table, toilet and kitchen linens; curtain drapes; blinds and valances; tents and awnings; needle craft sets; pillow quilts and comforters.

Minority

Ms. Segovia admitted the affected group is a minority. "But when you measure it in terms of the potential to become a major source of revenues eventually, it has very good chances," she added.

In the meantime, the US Customs has already stalled the entry of shipments not only from the Philippines but from other economies also that could not present valid "visas" for their garment products.

What the US wants now is for an exporter to present proof of the textile's origin or the visa. Without the proper documentation the shipment would remain docked at bay.

GTEB is encouraging affected enterprises to start adjusting to the new policy by buying their raw materials locally since it is the only way they could pass it off as Philippine-made.

WTO, like any venue for dispute settlement, is not expected to reply immediately.

Other countries like Switzerland, Hong Kong and Thailand were said to have marched to WTO as well.

The Association of Southeast Asian Nations (ASEAN) Federation of Textiles or Aftex, a private sector group, is planning to elevate the matter to the ASEAN body for a collective action.

Philippines: Japan Grants 1.6 Billion Pesos for Five Projects

BK0207060996 Manila PNA in English
1433 GMT 1 Jul 96

[Report by Johnny C. Nunez — received via Internet]

[FBIS Transcribed Text] Manila, July 1 (PNA) — Japan has approved a new five-projects grant-aid package for the Philippines worth 6.7 billion yen or approximately 1.6 billion pesos.

Philippine Foreign Affairs Secretary Domingo Siazon, Jr. and Japanese Ambassador to Manila Yoshifumi Matsuda formalized the grant today through the signing and exchange of diplomatic notes on them at the Department of Foreign Affairs (DFA).

The five-project package includes Phase II of an ongoing Rural Environmental Sanitation Project, the rehabilitation of the Angat Afterbay Regulator Dam, Phase II of the Pesticide Monitoring Project, Increased Food Production, and the construction of the National Vocational Training and Development Center for Women.

Today's signing and exchange of notes was also attended by Technical Education and Skills Development Authority (TESDA) director-general Jose Lacson, National Irrigation Administration chief Rodolfo Undan, and DFA and Japanese Embassy officials.

The National Center for Vocational Training and Development of Women, worth 507.8 million pesos, aims to

further improve the social and economic status of Filipino women through training and education.

The project, Secretary Siazon said, is in support of the gender-responsive program of the Philippine Government.

The rehabilitation of the Angat Afterbay Regulatory Dam aims to further improve the capability of one of the Philippines' largest irrigation systems to provide adequate water to both its irrigation service areas in Central Luzon and domestic water supply to Metro Manila.

The rehabilitation will cost 410 million pesos.

The grant for increased food production, the Japanese Embassy said, is the 20th of such release to the project which Japan started in 1977. The new 410-million peso allocation to the project brings its total from inception to 5.8 billion pesos.

Ambassador Matsuda said the 100-million pesos grant for the Pesticide Monitoring Improvement project is designed not only to upgrade the equipment and facilities of the country's six pesticide analysis laboratories but, more importantly, to help ensure that food are fit for human consumption and the environment is safe from toxic contamination.

Matsuda said Japan will provide additional support to the project through the dispatch of Japan technical experts, more equipment donation, and training of Filipino technicians in Japan.

The Rural Environment Sanitation Project, Matsuda said, will implement the planned components of the Accelerated Water Supply Program in Region I (Ilocos) and Region VI (Iloilo).

The project will entail the construction of 78 water supply systems for Level I and 16 for Level II, aside from toilet facilities for 159 schools involving 217 units in the two regions.

Philippines: Galland on Doubling French Exports to Nation

BR0207144696 Paris LE FIGARO (LE FIGARO-ECONOMIE Supplement) in French
2 Jul 96 p 10

[Report signed "J.-P.R.": "Abnormally Low Levels of Trade With France"]

[FBIS Translated Excerpt] "France currently occupies a marginal position, our products accounting for barely 1 percent of Philippine imports and 0.8 percent of foreign investment. The country is on the verge of a massive economic explosion and we must take advantage of

this." Arriving at the head of a delegation of 45 industrial groups last week, Foreign Trade Minister Yves Galland set a simple target: To double our exports by 1998 since these were worth just 1.8 billion francs [Fr] last year.

This target may well be met. The contract for the delivery of 24 Airbus aircraft announced at the beginning of the year should fetch in \$1.7 billion (the technical specifications and the means of funding have not yet been established). However, one major contract is not enough on its own to lift abnormally low levels of trade.

Business Club

After his meetings with President Fidel Ramos and the leading ministers Yves Galland is convinced that the French offer is especially well suited to the market: "We have the expertise and the technology in the field of infrastructures that the Filipinos need — electricity, telecommunications, and rail transport."

In addition to the Airbus contract, Aerospatiale signed a contract at the beginning of June for the manufacture of the "Agila" communications satellite worth Fr1.6 billion which will be launched by Ariane in 1998. [passage omitted]

Several initiatives will be taken to give new impetus to bilateral economic relations. Yves Galland confirmed that France will set up a major fair in Manila on technology in the fall of 1998, a date on which the Philippines will celebrate 100 years of independence. A business club comprising five to 10 major industry leaders from both countries will be set up and its first meeting will be held in Manila in February 1997. The two countries agreed to cooperate in matters of industrial property. [passage omitted]

Philippines: Ramos Welcomes Establishment of DBS Manila Branch

BK2806105296 Quezon City Radio Filipinas in English 0230 GMT 28 Jun 96

[FBIS Transcribed Text] Philippine President Ramos welcomed the establishment of the Development Bank of Singapore (DBS), Manila branch, as a show of confidence by Singapore in the Philippines and its prospects and of the deepening cooperation between the two countries.

In a speech after he formally opened the DBS Bank in rites held at the Mandarin Hotel in Makati City, Thursday, President Ramos said the strong presence of the Development Bank of Singapore in the Philippines provides a win-win situation for both countries.

The Philippines in the past four years has proven to be a politically stable, fully democratic, and economically capable partner for investment, trade, tourism, and technology exchange in ASEAN and in Asia-Pacific, President Ramos said.

The president pointed out that the improvement of political stability and social cohesion in the Philippines, as well as the administration's success in laying the foundations for sustainable growth and instituting economic reform, have resulted in a dramatic turnaround that has amazed and won the admiration of the international community.

President Ramos stressed that the government's best prospects for further growth lie in having an open, outward-looking economy and strengthening and expanding the bond with Asian neighbors and the rest of the world. The president said his administration has the highest regards for its ties with the ASEAN partners and is working to further enhance and broaden them.

ASEAN is the Association of Southeast Asian Nations, which groups together the Philippines, Singapore, Indonesia, Malaysia, Brunei Darussalam and Vietnam. According to President Ramos, the coming of DBS Bank in the Philippines should open the door for more investments and direct capital from Singapore and other countries and help upgrade not only financial sector but the economy of the Philippines as a whole.

Philippines: 'Up to 10,000' Protest to President Over Peace Accord

BK0207021696 Hong Kong AFP in English 0136 GMT 2 Jul 96

[FBIS Transcribed Text] MANILA, July 2 (AFP) — Up to 10,000 people invaded an Air Force base in the southern Philippines on Tuesday to protest President Fidel Ramos' attempts to get support for a peace accord with Moslem guerrillas, a radio station said.

Protesters beat a security cordon to enter Edwin Andrews Air Force Base, near Zamboanga, and hoist large streamers which read "No!" as the presidential plane landed, the DZRH station reported.

Ramos was to make a 45-minute stop in Zamboanga to hold talks with local officials, many of whom are opposed to a proposed Moro National Liberation Front (MNLF) led council to oversee development projects in 14 provinces of the south.

The MNLF led a separatist uprising in the 1970s which left at least 50,000 dead. They agreed to peace talks with the government in 1993 for the purpose of winning self-rule for the four million Moslems in the south.

The government says the agreement on the council, which is scheduled to be signed within three months, would pave the way for the establishment of an autonomous Moslem region in the south within three years.

Thailand

Thailand: Editorial Urges U.S. Troops To Leave Saudi Arabia

BK2906161596 Bangkok THAILAND TIMES
in English 29 Jun 96 p A4

[Editorial: "US Troops Must Get Out of Saudi Arabia"]

[FBIS Transcribed Text] The explosion at a Saudi air force base in Al-Khobar where several divisions of American troops are stationed reportedly killed 19 American soldiers and wounded 386 others on Tuesday.

The blast could be taken as the voice of the people in the desert wilderness calling for democracy. It could be seen as an expression of bitterness, frustration and antagonism towards the persistent backing and security the United States provides to a cluster of dictators in a region where democracy does not exist.

It is difficult to understand how a liberal democracy and superpower — the defender and upholder of democracy and a crusader on the front lines of human rights — could be so conspicuous in its double standards and hypocrisy.

On one hand, the US promotes ideals of democracy and human rights all over the world, especially in the East and Southeast Asian region. It has not hesitated to penalize countries with trade restrictions, sanctions, embargoes, and in some cases, withdrawal of economic aid, when a country oversteps accepted lines and fails to abide by the norms and values set by the United States.

On the other hand, the US does the opposite of the established American policies when their own self interests are at stake, especially in terms of its own security, economic survival and strategic concerns. These actions expose the double standards of the US in upholding their highly lauded principles and values.

The US support and coddling of anti-democratic, tyrannical elements, in order to foster a dictatorship and to tighten their grip on people craving for democracy is disgusting. By doing the contrary elsewhere in the world, the US further bares itself as a country that does not practice what it preaches.

The bomb blast in Al-Khobar seems to be the way that people in that region have chosen to unshroud and show the American presence in its true form is front of the world community.

Saudi Arabia, the world's largest oil producer, is known to have doled out tens of billions of dollars since the 1991 Gulf War, and has accepted not only the American offer of sophisticated armaments, but has helped to maintain an American military presence in the Arabian peninsula. This is to ensure security for the smooth flow of oil from the strategic East Arabian peninsula to Western ports.

It is no secret that the US is the guarantor of security for the dictators of that region which goes against the will of the people.

The kings, sultans and emirs' ruling families in the Arabian peninsula are cherished by the American establishment. It is also no secret that democracy is not allowed to raise its head in that region as it is elsewhere on the planet. The Americans persistently allow a dictatorship to prevail for their own benefit.

Ironically, the US opposes the few democratically elected republics in the same area. Washington has imposed trade embargoes, frozen their external assets in US banks and blocked their sea lanes and outlets with sanctions. So much for the so-called champion of democracy and crusader of human rights.

With the US presidential elections coming up later this year and the Whitewater scandal involving the Clintons, the return of body bags will certainly have its toll on Clinton's election trail, perhaps driving voters to the Republican camp. It will put President Clinton's ability to keep afloat during the current sojourn to a heavy test.

For former US President George Bush, the invasion of Kuwait by Iraq was a blessing in disguise. At a time when he was contemplating how to retract his famous "read my lips" slogan and introduce his tax program, the invasion of Iraq gave him the opportunity to distract Americans from the recession, rising unemployment and economic slump of the time. The war won him the sympathy and support of the people and they accepted his tax policies. Nevertheless, he lost the next big battle and was voted out of the White House.

Now the Gulf legacy has been passed to Clinton and like Bush, his time is up and he is seeking the peoples' approval for a second term in office. With dead soldiers arriving home, and with no guarantee that such attacks will not happen in the future, will Clinton decide on a total withdrawal of US troops from Saudi Arabia?

The homecoming of body bags and the wounded will keep the US media busy for awhile and campaign trails will pick up steam as candidates cry vengeance against those who relay be responsible for the act. This editorial is not to applaud or condemn the bloodshed but only to reflect on the root cause and to that effect, the message

from the Al-Khobar blast is loud and clear: it is time for the American troops to get out of the Arabian peninsula.

Thailand: Cambodia's Ranariddh Dismisses Negative Press Reports

BK2706092396 Bangkok THE NATION in English
27 Jun 96 p A6

[Unattributed report]

[FBIS Transcribed Text] Cambodia's First Prime Minister Prince Norodom Ranariddh has dismissed local news reports about his negative reaction over an incident after a reception given in honour of Thai Prime Minister Banhan Sinlapa-acha during his visit to the country, the government spokesman said yesterday.

"Prince Norodom Ranariddh, speaking to Thai journalists, insisted he had never felt uneasy about Banhan joining his hand with that of (Cambodian Second Prime Minister) Hun Sen's during his visit to Cambodia to show that there was no conflict between the two coalition parties," Somsak Pritsanananthakun said after a breakfast meeting at the premier's residence.

The breakfast, held in honour of Chat Thai MPs, and described by Somsak as "especially lively and crowded", was attended by party Secretary-General Sano Thianthong and his supporters, but the Thot Thai MPs were conspicuously absent, a source said.

"I feel astonished at the news," Somsak quoted Prince Ranariddh as saying.

He said the prince had permitted the premier to use a photograph depicting the Cambodian leaders joining hands at meetings with other ASEAN leaders to show their unity.

He said Chat Thai members present at the breakfast concluded that the media should have verified its news before publishing "because it may be detrimental to the government and the country".

Thailand: Accord on Atomic Energy, Development Reached With India

BK2706085496 Bangkok THAILAND TIMES
in English 27 Jun 96 p A2

[Unattributed report]

[FBIS Transcribed Text] Bangkok — Thailand and India have reached agreements on atomic energy for peace and economic cooperation, the Ministry of Foreign Affairs Permanent Secretary Thep Thewakun said yesterday.

He said the Thai Board of Investment (BOI) and Indian Foreign Investment Promotion Board (FIPB) coopera-

tion and atomic energy for peace agreements will be signed by the time Prime Minister Banhan Sinlapa-acha makes an official trip to India in September.

Thep's remark was made after meeting with the Indian delegation, led by Indian Secretary (East) K Raghunath, who came to Thailand for the two countries' Foreign Ministry permanent secretary exchange program.

Under the agreement, the two countries will exchange industrial and medical information.

Within a bilateral framework, India has urged Thai businessmen to invest in the development of the country's energy and transportation infrastructure.

At the last Joint Commission Meeting, held in Bangkok in January, the two sides agreed to establish a two-way trade target of two billion U.S. dollars by 1997. However, the present bilateral trade figure has fallen short of the target by one-half.

In order to implement the agreement, Deputy Director, General of the Information Department Thinakon Kannasut said, Thailand will host the Thai-Indian Joint Trade Committee in Chiang Mai in late July to discuss investment promotion and protection in an attempt to promote trade and investment between the two sides.

Thep also said India's becoming a full dialogue partner of ASEAN this July will also help to draw more investment from this country.

Thailand: Navy Renews Attempt To Procure Submarine

BK2506051496 Bangkok BANGKOK POST
in English 25 Jun 96 p 6

[Unattributed report]

[FBIS Transcribed Text] The Navy has renewed attempts to procure at least one submarine in fiscal 1997.

A Defence Ministry source said yesterday Navy chief Prachet Siridet recently had sent an urgent letter to Defence Minister Chawalit Yongchaiyut asking him to help push for government approval of the procurement of a diesel-powered submarine worth 7.5 billion baht.

The Navy's plan to buy two submarines worth 17 billion baht was rejected by the Government on the grounds that the purchase may aggravate the country's current account deficit.

The source said the Navy, however, has not yet completely given up. It has sought help from Gen. Chawalit.

The source said Gen. Chawalit had pledged full support for Adm. Prachet.

The Defence Minister, according to the source called an urgent meeting of Defence Permanent Secretary Phaihun Emphan and other senior military officers yesterday to discuss the matter.

The source said Gen. Chawalit, meanwhile, has ordered the Finance Department to gather information to explain to the House Budget Scrutiny Committee why the submarine procurement was necessary.

Thailand: Supreme Commander Plans To Research PRC Armored Cars

BK2506053196 Bangkok BANGKOK POST
in English 25 Jun 96 p 6

[Unattributed report]

[FBIS Transcribed Excerpt] Supreme Commander Wirot Saengsanit and the military committee handling the procurement of armoured cars begin a visit to China tomorrow.

The trip lasts until the end of this month and is at the invitation of Gen. Wirot's Chinese counterpart, a Supreme Command source said.

The source said Gen. Wirot and the committee want to learn more about the capability and price of the Chinese-made armoured vehicles, which are said to be of the same production line as France's VAB armoured cars.

Information obtained on the visit will hopefully enable the committee to bargain for the best price with France's GIAT Industrie, the source said.

GIAT has offered to sell 295 armoured cars at 7,602 million baht.

The Thai delegation will also hold talks with Chinese arms industry authorities to buy some armaments and spare parts.

Gen. Wirot said before concluding a deal to buy armoured cars from France that the committee will emphasise the need for France to transfer technology to the Thai side.

France will be required to set up a factory to produce parts or an assembly plant in Thailand.

If France cannot meet these conditions and a proper price cannot be settled, the committee may switch to buying armoured cars from Germany which is second on the priority list — with a four-year (1997-2000) tied-over budget, Gen. Wirot said. [passage omitted]

Thailand: Military Chief of Staff on Modernization

BK0107020396 Bangkok SIAM RAT in Thai
27 Jun 96 p 5

[Interview with Military Chief of Staff General Mongkhon Amphonphisit by unidentified SIAM RAT correspondent; place and date not given]

[FBIS Translated Excerpt] [passage omitted] [SIAM RAT] Please give me your analysis of the defense potential of ASEAN countries.

[Mongkhon] Scholars have written down their views of the combat capabilities of those countries. It is better for you to read their paper. I emphasize that Thailand does not have the greatest military capability among Southeast Asian countries, but it does have a considerable capability. It is difficult to pass a definite judgment on the subject.

[SIAM RAT] What is your view of Thailand's military potential both in terms of personnel and weapons?

[Mongkhon] We have tried to train and improve our armed forces to ensure they have the capability to safeguard national sovereignty and interests, particularly our maritime interests. You must not forget that 90 percent of our imports and exports are conducted through the Gulf of Thailand. If the gulf is blocked, we will be crippled. The Thai military is very concerned about this issue. At present there is no trend toward that happening, but we cannot be complacent because the gulf is the gateway for our country. On this issue, what we take into consideration is the ability to defend against the biggest aggressor. We must be sure that we can effectively defend the country in such a situation. You do not have a second chance to defend the country.

[SIAM RAT] How do we compare with neighboring ASEAN countries?

[Mongkhon] I do not want to speak about ASEAN countries or our neighbors if I can help it. I will talk about the Thai armed forces. The Thai armed forces are undergoing personnel cuts while retaining an appropriate capability and acquiring better weapons. We have to modernize our weapons. For example, vehicles used by the Army, Navy, and the Air Force have been in use ever since I was in the cadet school some 30 years ago. They should now be decommissioned. Aircraft have to be replaced at an appropriate time. Some Army helicopters have been in use since 1969. We have to replace old equipment such as personal weapons and communications equipment, which were donated to us by the United States. It takes money to replace these things. We are currently very transparent about what we will buy; we even tell our neighbors what we plan to

acquire. We have a system that controls weapons and papers are available to inform the people of what we want to acquire.

[SIAM RAT] There are always comments about commissions being paid when arms are purchased. Can you comment?

[Mongkhon] Please try to understand. How would you feel if you bought a printing machine for 10 million baht and your staff talked behind your back about a commission being paid by the supplier? If we do not purchase anything just to avoid criticism, the armed forces will come to a standstill — no modernization. Once a weapon is bought, we also have to train personnel to operate it.

[SIAM RAT] Could you more fully explain to the people the transparency of the arms acquisition process?

[Mongkhon] The process is currently quite open. Several agencies form committees to look into an acquisition. Checks are made at various levels. I do not know what can be done to make it more transparent. Each level of commanding officials has an input into an acquisition project and, therefore, has a responsibility for the project. I shudder to imagine every purchase project being viewed negatively.

In a weapon acquisition project, we consider the appropriate amount to be spent, taking into consideration the threat to the country by our adversaries and what weapons they have. The percentage of the defense budget in the GDP is quite low compared with that of the neighboring countries. Do not even think about the percentage spent by European countries and the United States. We do not have a set formula to say what percentage of the GDP should be allotted to the defense budget.

[SIAM RAT] How has the policy to cut military personnel while retaining defense capability been progressing?

[Mongkhon] The Army shows the most concrete picture. We will be able to cut 50,000 soldiers in three years. The cut will be gradual. A drastic cut is not possible in Thailand. We cannot cut soldiers who sacrificed themselves for the country when they suddenly become a surplus. Thai people do not do things that way. It will take a little time to make the cuts. I cannot say specifically what percentage in the reduction program has been achieved so far. I can say only that considerable progress has been made.

[SIAM RAT] Can you comment on the relatively large number of general-level officers in the Thai armed forces compared with elsewhere?

[Mongkhon] That is what they say. The defense minister has tried to persuade senior officers to retire early. You should not link salary to rank. Graduates from civilian universities and military academies receive the same salary when they start in government service. If they get one step increase every year, they will receive the same salary near retirement age. That is fair. However, as a salary increases so does the rank. If you separate rank from salary, then the problem does not arise. You should consider a way of reducing the number of general-level officers; we are thinking along these lines. But it is impossible to simply lower the rank of a lieutenant general to that of major general, for example. It just cannot be done.

[SIAM RAT] What would be an appropriate size for the armed forces?

[Mongkhon] I don't know in terms of size. It would be the smallest achievable size.

[SIAM RAT] Will the current size be reduced further?

[Mongkhon] How far the gradual cuts can continue depends on the situation in the neighboring countries. We must evaluate the situation to see what cuts can be made as well as the impact of any cuts.

[SIAM RAT] Can you explain the development plans of the armed forces?

[Mongkhon] There is a five-year interval for the armed forces' development plans. The current plan is in its last year. The next plan will cover 1997-2001.

The development plan is like this: we want the armed forces to be compact and to have a high level of firepower and mobility as well as effective coordination of command and control — changing from quantity to quality. This is the main objective of the armed forces' development plan. It has already received approval from the Defense Council, and the National Security Council has already been informed.

Concerning the Army, it must be modernized to be compact and have a high level of firepower. Armored vehicles must be suitable for Thailand's terrain. The artillery must have an improved firing range and control system. Antitank weapons will be upgraded with a guidance system. Attack helicopters and antiaircraft weapons must have guided weapon systems. There will be effective night surveillance systems and the communications system will be made efficient.

The Navy must be able to safeguard national interests from the shore to the continental shelves and in special economic zones. It must enforce the law of the sea and effectively protect our maritime interests and navigation

routes. It must be capable of checking ships and have proper equipment to allow it to operate further and longer at sea. For example, it must operate helicopter carriers, frigates, and submarines or planes. On board weapons must be modernized.

As for the Air Force, it must modernize its planes, weapons, and electronic warfare capability. It must be able to show its face to any intruders and have weapons capable of dealing with them. [passage omitted]

Thailand: Article Views Military's Streamlining Policy

BK2806131996 Bangkok *THE NATION* in English
28 Jun 96 p A3

[Article by Pharit Iamphongphaibun: "Cut in Budget Spending or Chawalit Powerplay?"]

[FBIS Transcribed Text] The policy initiated by Defence Minister Chawalit Yongchaiyut to reduce the number of military personnel in a bid to cut spending has ushered in government attempts to streamline the most powerful agency. But the scheme raises doubts as to whether he is attempting to build up a power base by paving the way for his own men to take up top positions.

Currently, the armed forces has a record number of more than 400,000 soldiers. The swelling number of military personnel mainly stems from the days when the armed forces recruited thousands of men during the communist insurgency in the 1970s.

To help conserve the national budget and to make the armed forces "smaller in size but with higher combat capability", Chawalit proposed that high-ranking officers be encouraged to resign before their mandatory retirement age. His idea was announced on Feb 5 when he said that the armed forces would offer incentives to top level officers in return for their voluntary, premature resignations.

"And (after they have resigned), we would try to provide a job for them, for example, a position of president or adviser to a private company," Chawalit added. The proposal was endorsed by the Military Affairs Commission on Feb 22, and 69 officers from the ranks of major general upwards resigned voluntarily on June 1.

Speaking on condition of anonymity, a former deputy supreme commander who is close to Chawalit said that the defence minister had long thought about the increasing budget allocations requested to be spent on military personnel. The amount is so huge that the armed forces does not have enough money to develop itself.

"In the future, there will be less of a problem of integrity. So we will have to reduce manpower and enhance mobilisation instead. Besides, we must modernise our weaponry," he said.

He said that there was once a similar attempt to reduce military manpower when the Democrat Party was in power after World War II. But many officers who had been forced to resign set up criminal gangs and preyed on victims in the central provinces. Eventually the policy was scrapped.

He said that even when Chawalit was in the army, he initiated a plan to hire rangers in a bid to reduce the number of permanent officers by at least 15 per cent. However, the policy also failed to reach its target.

The former deputy supreme commander also quoted Chawalit as saying that since Thai society was familiar with "feudalism" during the period of absolute monarchy, it has become ingrained in the culture that people are strongly attached to "rank" and "honour". "That's why he (Chawalit) decided to reward officers who resigned before their retirement a rank higher than what they had before resigning. This is to honour them because they have made a sacrifice," he said.

Maj. Gen. Sitthi Sitthimongkhon, director of the Secretariat Department's personnel office, echoed the same view. He said that there must be an "incentive" to encourage officers to resign voluntarily.

"If they won't get any extra benefit, no one would want to resign," he said. "There is a number of government agencies that have talked about a bureaucratic reorganisation by reducing the number of personnel first. However, there is no agency which has come up with a policy to offer special benefits for those who resign voluntarily."

He stressed that giving a higher rank to an officer who resigns will not affect the budget. The Defence Ministry will also consider giving a two-step remuneration process for officers who resign voluntarily. However, the first group of 69 officers who have already resigned will not be entitled to receive this offer.

Gen. Thirarat Phatthananon, director general of the Secretariat Department, quoted Chawalit as saying that the current number of 410,000 soldiers in the armed forces was too high. If the budget that is spent on these personnel can be cut, the savings can be used to acquire higher-technology weaponry.

However, he noted that this was a sensitive issue. It would create problems if low-ranking officers were asked to resign. Therefore, the Military Affairs Commission agreed that about 1,000 officers of the rank of

major general and upwards should be the first to make a sacrifice.

"We can save a lot of money. For instance, we already saved Bt [Baht] 7 million when seven officers from the Office of the Permanent Secretary of Defence resigned. The ministry would have saved much more if we had calculated the amount saved from the 69 officers who resigned," he said.

But there was an uproar when Chawalit earlier said that those who resigned would be offered a higher position in private companies. In reality, however, no officer who resigned received such a prestigious offer.

A general who asked not to be named said that the 69 officers had resigned on the request of Chawalit and that he promised he would find a job for them.

"He (Chawalit) also said that he would coordinate with the Thai Military Bank to provide investment loans for them. But when some officers contacted the bank, their demands were rejected. The bank said that they didn't know anything about the loans," he said.

Commenting on the issue, a source close to Chawalit said that it was typical defence ministry style. He reiterated that these officers had "voluntarily" resigned and even refused the two-step remuneration.

However, the source did not deny that Chawalit had promised them a goof job. "He tries to sell his idea, so this is his technique. He keeps talking about big companies, such as Sura Thip, CP (Charoen Phokkhaphan) and even Chinnawat. But how will these companies find a position for them?" he said. On reports that some disgruntled officers who had "voluntarily" resigned branded Chawalit a liar because he neither found them a job nor provided investment loans for them, the source said that as far as he knew, those who complained were mostly from Class Seven and Eight [of Chulachomklao Military Academy]. "These officers don't know much about the armed forces' regulations and procedures. They want to get everything quickly.

"For example, they don't even know that their promotions should be signed by His Majesty the King, and this is something the armed forces isn't able to fix in a time frame," he said.

Gen. Pricha Iamsuphan, who is from the Chulachomklao Military Academy's Class Seven and who resigned before his retirement, denied that some officers who had resigned were unhappy with Chawalit's policy.

"It's not true that some of us labelled the policy a deception. We are military and we know well that our superior won't deceive us. We have resigned because we

truly understand the situation. Besides, we have never asked for any special offer," he said.

He said that the "negative reports" might have come from those who wanted to destroy the image of the armed forces.

However, he admitted that Chawalit had said he would try to find positions for them in private companies, but he said this would take time.

"I think nobody is fussy about it because they know it will take some time to co-ordinate with the private sector over the issue," he said.

Commenting on criticism that the policy was a plan by Chawalit to pave the way for his own people to rise to top positions in the military, Pricha said it was an opinion of selfish officers.

"This is a matter where people who don't succeed in their career think about something bad and selfish. As a matter of fact, a promotion is based on performance of an individual," he said.

Pricha said that he did not know who replaced the positions left vacant after the 69 officers resigned. He said he no longer kept in touch with the army after his resignation.

Nevertheless, observers noted that the aim of the policy to cut budget spending on military personnel was cosmetic, given the fact that the 69 officers who resigned had less than one year of service. Nobody was really sure whether these officers wanted to receive a higher position in return or wanted to develop the armed forces.

Whether Chawalit's brainchild will be successful depends on the number of officers who voluntarily resign this year. Many are just waiting for the July 1 deadline for officers who want to resign voluntarily to submit their resignations to the Office of the Permanent Secretary for Defence.

But all in all, although the policy would help cut the military's personnel budget, the amount is far less than the billions spent on weaponry. As long as the military does not review its ambitious arms procurement plan, it cannot claim to be concerned about conserving the national budget.

Vietnam

SRV: Foreign Delegates Attending Party Congress Listed

BK2906075596 Hanoi VNA in English
1540 GMT 28 Jun 96

[FBIS Transcribed Text] Hanoi VNA June 28 — Thirty-five foreign delegations have arrived for the Communist

Party of Vietnam (CPV) National Congress which begins here today.

The list of head delegates runs as follows: "Li Peng, Political Bureau standing board member of the Communist Party of China and Chinese prime minister,

"Khamtai Siphandon, president of the People's Revolutionary Party of Laos and Lao prime minister,

"Chea Sim, president of the Cambodian People's Party and chairman of the Cambodian National Assembly,

"R. R. Balaguer Cabrera, Political Bureau member in charge of external relations and ideology of the Communist Party of Cuba,

"Hwang Chang-yop, secretary of the Central Committee of the Korean Workers' Party in charge of international relations,

"Gisele Moreau, executive member of the national leadership and secretary of the Central Committee of the Communist Party of France,

"B. N. Gavrilovich, secretary of the Central Committee of the Russian Communist Party,

"Nittara Syoji, standing member of the presidium of the Japanese Communist Party and head of the International Relations Department,

"Akinchits Ivan Ivanovich, standing member of the Political Bureau and secretary of the Central Committee of the Belarus Communist Party in charge of ideological and theoretical work,

"Sibenco Piot Schepanovich, member of the presidium and secretary of the Ukrainian Communist Party Central Committee,

"Ivanaky Stoilov, vice president of the Bulgarian Socialist Party,

"Milovan Krivokapic, member of the Political Bureau of the Socialist Party of Serbia,

"Jarvis Tyner, vice president of the Communist Party of the USA,

"Heinz Stehr, president of the German Communist Party (DKP),

"Andre Brie, standing board member of the Central Committee of the German Socialist Democratic Party (SDP) and chairman of the Fundamental Principles Committee,

"Oliviers Diliberto, member of the leadership and secretary of the Central Committee of the Communist Party Refoundation of Italy,

"Fernando Blanqui Teixeira, secretary of the Central Committee of the Portuguese Communist Party,

"Agneta Brendt, member of the Swedish Social Democratic Party in the parliament,

"Victor Hugo Tinoco Fonseca, member of the national leadership and secretary of the Central Committee of the Sandino Liberation Front Party (FSLN) in charge of external relations,

"Roberto Lorentana Durat, deputy general secretary of the Farabundo Marti National Liberation Front Party of El Salvador,

"Victor Kolw Political Bureau member of the Communist Party of Argentina,

"Harkishan Singh Surjeet, general secretary of the Communist Party (Marxist) of India, CPI(M),

"Chafic Abdul Karim Chealb, Political Bureau member of the Lebanese Communist Party,

"Aldo Rebelo, Political Bureau member of the Communist Party of Brazil and MP,

"N. Batistatos, member of the Central Committee of the Communist Party of Greece,

"Jorge Insulza, Political Bureau member of the Communist Party of Chile,

"Chhim Seak Leng, deputy general secretary of the National United Front for an Independent, Neutral, Peaceful and Co-operative Cambodia (FUNCINPEC),

"Gulam Nabi Azad, member of the executive committee of the Indian National Congress Party (I) and MP,

"Datuk Mohamed Rahmat, secretary general of the United Malays National Organisation (UMNO) and Malaysian Information Minister.

"Abdulah Mashadani, member of the External Relations Committee of the Arab Baath Socialist Party of Iraq,

"Teo Chee Hean, Political Bureau member of the People's Action Party of Singapore, environment minister and second defence minister,

"Sharraf Ali Michael of the Palestine Liberation Organization, member of the Central Committee of the Palestine National Liberation Movement (Fatah) and cabinet minister of the state of Palestine,

"Loutof Allah Haydar of the Baath Arab Socialist Party of Syria and Syrian ambassador,

"A. B. Bardhan, deputy general secretary of the Communist Party of India, and

"Solly S. S. Zwane, secretary of the African National Congress (ANC) in Mpumalanga Province.

SRV: Do Muoi Gives Speech at Congress Opening

*BK2906135596 Hanoi Voice of Vietnam Network
in Vietnamese 0234 GMT 28 Jun 96*

[Text of speech delivered by General Secretary Do Muoi at opening session of eighth national congress of Communist Party of Vietnam in Hanoi — live]

[FBIS Translated Text] Dear Presidium, comrade advisers to the Party Central Committee, congress delegates, and distinguished guests: The eighth national party congress carries special significance. It marks a new step in the development process of our revolution. The congress has the task of reviewing the implementation of the resolution of the seventh national party congress, summing up the 10 years of renewal, and setting forth the objectives, orientations, and measures for national industrialization and modernization until the years 2000 and 2020. It will also supplement and amend the party statutes.

During the preparation process of the party documents, party organizations at all levels, national fronts, mass organizations, politico-social bodies, comrade advisers to the Party Central Committee, senior revolutionary comrades, dignitaries, and intellectuals contributed many important and correct ideas. After the extensive promulgation of the draft party political report, many people from all walks of life in the country as well as overseas compatriots enthusiastically offered valuable and heartfelt opinions to it, thus reflecting the willpower, aspiration, and determination of the entire people to unite with the Communist Party of Vietnam [CPV] and to work with it on national affairs.

It can be said that the documents of this congress are a crystallization of the intelligent thought of our entire party and people. On behalf of the seventh CPV Central Committee, I would like to present the main contents of those documents:

I. An evaluation of the five-year implementation of the resolution of the seventh party congress and the 10-year renovation:

The eighth national party congress correctly evaluates the five-year implementation of the resolution of the seventh party and the 10-year implementation of the renovation line, which was initiated from the sixth national party congress. It also draws lessons for the foundation for the correct outlining of goals and tasks in the coming period.

Ten years ago, when the party initiated the comprehensive renovation line, our country was in the middle of

a socioeconomic crisis. Production was stagnant. Inflation had increased rapidly. The country was suffering an economic embargo. The people's life was very difficult. The people's trust was decreasing.

After nearly five years of endurance and a determined striving to carry out the renovation line, our people scored very important initial victories in the socioeconomic field, in politics, and in internal and external relations. The severity of the crisis was somewhat reduced.

The renovation line initiated by the six national party congress was supplemented and developed by the seventh national party congress as manifested in the platform, the strategy, and the political report approved by the seventh national party congress.

However, the achievements recorded in the renovation were still limited. Economic development was still slow. Inflation was still high. New, severe, social problems emerged. The United States still continued its embargo. Some hostile forces accelerated their activities to cause political instability, destroy national security, and damage national independence and sovereignty. Our country, once again, faced harsh challenges.

In that situation, our party and people demonstrated our shrewdness and revolutionary capacity and developed our tradition of unity, steadfast striving, and creative work to push back the dangers, overcome the challenges, and move the renovation undertaking forward.

Generally speaking, the revolution undertaking during the past 10 years has recorded great achievements of considerable importance. The tasks set by the Seventh National Party Congress for the 1991-95 five-year period have basically been accomplished [applause]

Stagnation in production and confusion in transportation have been overcome while the economic growth rate has increased rapidly. The average annual GDP growth rate during the 1991-95 period was 8.2 percent. Inflation has been contained and reduced from 774.7 percent in 1986 to 67 percent in 1990 and down to 12.7 percent in early 1995. Total investment in society using capital at home and abroad comprised 15.8 percent of GDP in 1990 and increased to 27.4 percent in 1995. We have been able to produce sufficient grain not only for consumption at home but also for export, at about two million tonnes annually. Many infrastructure projects and key industrial establishments have been built, thereby strengthening the material base and creating new balances for further steps in development.

Production relations have been readjusted more appropriately meeting the character, standard, and requirement of production development, thus helping to liberate and develop the great potential at home and creat-

ing favorable conditions for exploiting resources abroad. The commodity-based multisectoral economy has operated under the market mechanism and state management and in accordance with the socialist orientations and has been built up continuously in a more uniform and effective fashion. The number of additional jobs created each year has been more or less sufficient for the newly supplemented workers of the labor force. The people's material life has been improved; their intellectual standards and cultural appreciation have also improved. The movement to promote repayment in kind, eradicate hunger, and alleviate poverty has been participated in by people throughout the country. Democracy has been developed. The people's confidence in our regime and our nation's future and in our party and state has been asserted. Political and social stability have been firmly maintained. National defense and security have been consolidated. Relations with foreign countries have been developed quickly, thereby helping us to break the siege and isolation while expanding cooperation and enabling us to participate positively in the life of the international community.

The tasks for building the party, the law-governed socialist state, and the all-people unity bloc have seen positive changes. While correctly appraising the achievements, we must clearly realize the shortcomings and weaknesses. It is necessary to say that our country is still poor and underdeveloped. We have not satisfactorily practiced thrift and diligence in production and reduced our expenditure to save capital for investment development. Negative phenomena are still prevalent in society and many issues are in need of a settlement. Supervision in building the new production relations is confused and aberrant. State management over the socioeconomic domain is still fraught with many shortcomings and the political system is experiencing weaknesses. Nevertheless, our nation's position and strength have obviously changed qualitatively. We have extricated our nation from the serious socioeconomic crisis that persisted for 15 years. Although a number of aspects have not been firmly restored, it has created an essential prerequisite for shifting into the new stage of development to accelerate national industrialization and modernization.

Learning from the successful and unsuccessful lessons, we have adjusted and supplemented our awareness to increasingly concretize the socialist concept and to formulate uniform lines, objectives, and policies based on scientific and realistic premises. The path toward socialism in our country has been increasingly and clearly asserted.

The sixth party congress set forth a comprehensive renovation line, while the seventh party congress passed

an action program for national construction during the transition to socialism. The strategy for socioeconomic stabilization and development until the year 2000 and the many resolutions of the Party Central Committee and of the mid-term national congress of the Seventh Party Central Committee substantiated the strategic action program in almost all areas, from economic, social and cultural activities to national defense, security, foreign relations, and the building of the party and state. Those documents to be presented at the eighth party congress will succeed and further develop these correct policies and lines.

Generally speaking, the past few years have seen the drawing up and implementation of the renovation line carried out correctly in accordance with the socialist direction. We must firmly adhere to and be firm on that line. We must constantly study and review the realities so as to come up with necessary readjustments and amendments if we are to push the renovation process forward and gain ever-greater successes.

During the course of work implementation, we have however displayed certain serious and prolonged shortcomings and irregularities, leading to a situation in which if such shortcomings and irregularities in this or that area and to this or that extent cannot be effectively overcome, they will cause the party to become weakened, corrupt the state apparatus, and make the regime's policy deviant, thereby diverting our country from its socialist path.

To firmly maintain the socialist direction is a constant, hard, and complex struggle. What is important is that we must promptly discover our mistakes and shortcomings so as to come up with correct and timely corrective measures. By reviewing the renovation line over the past 10 years, our party has drawn on a number of essential lessons:

— In the renovation process, we must firmly maintain the goal of national independence and socialism and strictly adhere to the two strategic tasks of building and defending the fatherland.

— It is necessary to be firm on Marxism-Leninism and Ho Chi Minh thought, combine persistence in terms of principles and revolutionary strategy with flexibility and creativity in strategy, and be sensitive in learning the new things.

— From the outset we must closely combine economic renovation and political renovation, with economic renovation at the core. Meanwhile, we must gradually carry out political renovation, develop the democratic spirit, and overcome the tendency to violate the people's right to mastery. In addition, we must prohibit all

extreme and radical democratic trends as well as all attempts to abuse democracy and the label of democracy and human rights to cause political chaos, sabotage the regime, and interfere in the internal affairs of our country.

— Building a multisectoral, commodity-based economy that operates according to the market mechanism must be linked with the role of the state management in line with socialist orientations.

— We must link economic growth with social progress and justice, preserve and develop the identity of our national culture, and protect the ecological environment.

— We must broaden and strengthen the all-people great unity bloc, develop patriotism and a determination to be self-reliant, and mobilize the strength of the entire nation in a bid to achieve the goals of a prosperous people, a powerful country, and an equitable and civilized society.

We must broaden international cooperation and win the sympathy, support, and assistance of the world people, as well as combine national strength with the strength of the times. It is of primary importance to mobilize domestic resources. At the same time, we must satisfactorily exploit new and positive developments in foreign relations, must create a favorable international environment, and must take advantage of the positive factors to serve the cause of national construction and defense.

The broadening of foreign relations must be based on the principle of firmly maintaining independence and sovereignty and of safeguarding and promoting fine national colors and traditions.

We must strengthen the party's leadership role and regard party building as a key task. The party must make constant efforts to renovate and revamp itself. Party consolidation and building must involve political education, ideological indoctrination, and cadre organization. Steps must be taken to enhance the nature of the working class and the party's vanguard role. Efforts must be made to improve operating procedures and workstyle and enhance the competence and efficiency of party leadership over the political system and society as a whole. A sound knowledge and a creative application of the abovementioned lessons would guarantee the success of the cause of national development in the new stage.

The second issue is about the new stage of development during which efforts will be made to accelerate the cause of national industrialization and modernization. Our party maintains that the renovation process and cause of national construction and defense continue to develop at a time when the international situation de-

velops quickly and complicatedly and contains unpredictable factors. In pointing out five characteristics of the international situation and five basic trends of current international relations, our party made it clear that though socialism has suffered a temporary setback following the political events in the former Soviet Union and Eastern Europe, this incident did not change the trends of the times because mankind is still passing through a transitional period from capitalism to socialism. Basic conflicts continue to exist and develop worldwide. Sometimes, they become even more profound and take on many new forms and involve many new fronts. National and class struggles continue to occur under different forms.

The scientific and technological revolution continues to make quick progress and reaches an increasingly high level of development, thus stimulating the restructuring of the world economy and the course of globalization of the economic system and social life. As a result, all countries have equal opportunities for development. However, as a result of capital and technology superiority, the market belongs to developed countries whereas underdeveloped and developing countries face great challenges.

The Asia-Pacific is a region of dynamic development and high growth. It serves as a venue for trade liberalization, economic cooperation, and competition but also contains a number of factors of instability.

As far as international relations are concerned, peace, stability, and cooperation for development have increasingly become a pressing demand for all nations and peoples of the world. Many countries have given priority to economic development, regarding this as a decisive factor for consolidating their aggregate national strength. More and more countries have participated in regional and international economic and trade cooperation and other forms of activities. Cooperation has constantly been promoted. Meanwhile, competition has become fiercer with every passing day. Many nations uphold the sense of independence and sovereignty, the fight against imposition and intervention by foreign countries, and protect their national cultural values. Socialist, revolutionary, and progressive forces worldwide remain steadfast in the struggle for peace, national independence, democracy, and social progress. Countries with different political systems practice cooperation while at the same time striving for their own goals and for peaceful coexistence.

Great opportunities and challenges lie before us. Great opportunities are the outcome, first of all, of the achievements of the renovation process and cause of national construction and defense. They are also the results of

many positive developments worldwide. Great challenges come from the four dangers pointed out by the National Mid-Term Party Congress. Since these dangers are interrelated and equally harmful, they should all be treated seriously.

Advantages and difficulties, opportunities and risks are intertwined. We must strive to seize the opportunities, accelerate the rapid but solid development, create new stature and strength, and at the same time be resolute in repressing and overcoming all the risks, including the newly-arising ones, in order to remain on the correct development path.

Stemming from the renovation undertaking over the past ten years, and from the premises created during the same period, our party considers that our country has begun to enter a new development period, the period of acceleration of industrialization and modernization. This is an extremely important consideration as it serves as a guidance for the making of plans and duties for the time to come. The objective of the industrialization and modernization process is to build our country into a industrialized nation with modern material facilities, a logical economic structure, advanced production relations, knowledgeable production forces, an improved livelihood for the people as well as better cultural activities, strong national defense and security, a prosperous people, a strong country, an equitable and advanced society, and a successful track record in implementing socialism.

From now to the year 2020, we must strive to make our country an industrialized one in basic terms. The production forces then should be at a relatively modern level and most manual labor work should be replaced by machinery. The electricity network will cover the whole country. Labor capacity and production and business efficiency should be much higher than at present. The GDP will increase eight to 10 fold compared with that of 1990. Production relations, ownership, management structure, and distribution policies will interact to liberate more of the labor force, creating a stronger momentum for further economic growth and the implementation of social equity. The state economic sector will have to fulfill its leading role and, together with the cooperative economic sector, become the foundation of the economy. The state capital economic sector will develop strongly under various forms. Economic sectors comprising individuals, handicraft and small businesses, and private capital businesses will be proportionally more significant in the economy.

Regarding material and cultural life, our people will enjoy a plentiful life, comfortable residences, and other conveniences in transportation, education, and medical treatment, as well as a high level of cultural enjoyment.

Healthy social relations, civilized lifestyles, and the development of the fine traditions of the country will be encouraged.

The successful fulfillment of these objectives will constitute a giant step on the path to socialism for our country. The period from now to the year 2000 is a very important step in the new development period of the acceleration of industrialization and modernization. The duties of our people are to mobilize all forces, seize all opportunities, overcome all obstacles, accelerate the renovation undertaking comprehensively and uniformly, continue the development of the multisectoral merchandise economy under the market-driven principles with the regulation of the state in the direction of socialism. We must strive to reach and exceed the targets of the socioeconomic development strategy to the year 2000. Rapid economic growth coupled with effective handling of urgent social issues, firm national defense and security protection, an improved people's livelihood, and high domestic economic reserves will create solid premises for higher development in the early years of the 21st century.

III. Development of the Production Force and Building New Production Relations Following the Socialist Orientation:

Advancing toward socialism as a backward agricultural country, our party has always asserted that the building of a physical, technical infrastructure for socialism, and practicing socialist industrialization are the core duties of the transitional period. In the early years of the industrialization process, though we made some errors and suffered some shortcomings, we also achieved some significant achievements. Some major projects were completed with encouraging results. We should further develop the results of the earlier period, learn the lessons from our past errors and shortcomings, work out appropriate steps and measures to advance with higher effectiveness in the process of industrialization and modernization of the new period.

[FBIS Translated Text] Today, industrialization is linked to modernization and the wide application of scientific and technological advances of the age. Science and technology have become the foundation of industrialization and modernization. The increase in knowledge and intellect and the fostering and development of the vast human resource of the Vietnamese people are decisive factors for the victory of the industrialization and modernization undertaking.

Given the new circumstances, we advocate building an open-door economy and unilateralizing and diversifying foreign relations, placing emphasis on exports while replacing imports with those goods we can produce locally

and effectively, and making use of capital, technology, and international markets to carry out industrialization and modernization. Much experience has shown that if we cannot build independence and self-sufficiency, and if we do not have the necessary internal dynamism, we cannot participate in international cooperation in a really equal and beneficial way, and we cannot exploit and efficiently use external capital resources.

Therefore, we must build a reasonable economic structure to ensure our capacity to maintain independence and sovereignty in the economic, security, and national defense sectors. We must actively participate in international cooperation and labor division in the world. We must always emphasize the principle of relying mainly on internal resources and maximize the attraction of external resources. We should encourage all people, houses, levels, and branches to practice thrift in production and consumerism to encourage more investment in development.

Our capital is presently still limited. There is a pressing demand to create more jobs. People still face a lot of hardship in their lives. The socioeconomic situation is not really stable. We need to avoid mistakes that are caused by subjectivity, haste. We also need to avoid an over-dependence in heavy industry, and any indulgence in large-scale projects. We must pay special attention to the industrialization of agriculture in rural areas and strive to develop agriculture, forestry, and pisciculture; the agro-forestry- marine processing industry; the consumer goods, and export industry; and tourism and services. We must restore, develop, and gradually modernize traditional and small industries and handicrafts, and expand new production branches and sectors that have big national and international markets.

We must calculate the cost and select investment projects. We must also decide on the timing for the construction of urgent and essential heavy industrial projects that have favorable capital, technology, and markets, and that are commercially highly viable, and efficient. We must selectively upgrade, reform, expand, and build infrastructure in the most difficult areas, where development has been hindered.

We must outline general planning for long-term development with appropriate steps in all sectors, fields, and areas, and combine current demands with permanent goals, key points with major domains, the economy with national defense and security, and industry with agriculture and services. Mainly, we will develop small and medium-sized industries with appropriate technologies which require smaller investments, but which are capable of generating more jobs and giving quick returns. We must invest heavily in new equipment to exploit

the existing production capacity efficiently. At the same time, we must build and prepare for the construction of new and necessary projects.

The industrial development policy must be closely linked to other policies and measures for the development of other production sectors and branches. This is to make them support one another and for the uniform development of the socioeconomic. We must pay special attention to the formation of equal relations for mutual benefit and development between industry and agriculture, between city and rural areas, and among workers, peasants, and intelligents in the process of industrialization and modernization.

If industrialization and modernization can create the necessary production force for the new social regime, then the development of the multi-sectorial economy is to build an appropriate system of production relations. The multisectorial economic policy has contributed significantly to the liberation and development of the production force, bringing about important socioeconomic achievements in the revolution undertaking over the past 10 years. The documents of the Eighth National Party Congress confirm the consistent and long-term continuation of this policy. All enterprises and individuals, at home and abroad, are encouraged to exploit all potential, develop investment, and be at ease in conducting their long-term and legal businesses that are beneficial to both the economy and themselves. All economic elements will be treated equally by law, regardless of their ownership structure and organization. The multisectorial economic policy of our party is oriented toward socialism.

As a result, the party documents stressed the need to pay attention to renovating and developing the state-run and cooperative economies. It is essential to make the state-run economy effective, and to develop its guiding role to enable it and the cooperative economy to gradually become the foundation of the national economy. Efforts must be made to integrate our resources to develop the state-run economy especially in vital sectors such as infrastructure; finance, banking, and insurance; various key production, trade, and service establishments; and a number of enterprises with national defense and security related tasks.

It is essential to improve the management of state-run enterprises, to maximize the autonomous rights of various enterprises in carrying out assigned tasks, to implement the share-holding system in a number of state-run enterprises to mobilize more capital; create more driving forces to accelerate the effective operations of enterprises; to enhance the value of state assets; and strengthen leadership and supervision and formulate a

preferential policy so as to develop the cooperative economy. Efforts must be made to spontaneously combine the strength of each cooperative member with that of the collective to more effectively resolve various production, business, and worker livelihood issues. It is necessary to develop extensively various state-capitalist economic structures, apply various cooperation methods and joint ventures between the state and bourgeoisie at home with foreign capitalist companies; position and strengthen Vietnamese enterprises so as to enhance cooperation and competition; improve the investment environment; and strengthen the management ability in attracting direct investment from foreign countries. We must help the private economy, small industries, and the handicrafts sector to resolve their numerous problems of capital, in the scientific and technological area, and in finding markets for their products, while gradually guiding them to become engaged in the cooperative economy or to function as satellite units for state-run enterprises and cooperatives.

We must encourage private capitalists to invest in production and in long-term businesses with peace of mind. We must strive to protect their rights to ownership and legal rights, create favorable conditions for them while strengthening management and providing guidance for legal businesses in the interest of national welfare and the people's livelihood.

Accelerating industrialization and modernization and developing the mutisectoral economy must be done in close association with the building and effective implementation of the market mechanism under the state management and in accordance with the socialist orientations.

The market mechanism has had a positive and great impact on socioeconomic development. It is not an opposing system but an objective factor necessary for nation building and development along the socialist path. However, it also has a negative impact that contradicts socialist characteristics. In applying the market mechanism, it is necessary to enhance the state macro-management capability by developing the positive aspects while preventing, minimizing, and overcoming the negative. Efforts must be made to eliminate bureaucratic centralism and the subsidies system, compile information on market forces, formulate and perfect various legal apparatuses, plan and set up financial and monetary institutions, establish facilities and essential organizations for state management, and create the conditions for the market mechanism to function effectively. We must maintain ties between planning and marketing. The market is the basis and the objective of planning. Planning must reflect party lines and policies so that a system to determine macro objectives such as growth rate and a bal-

anced structure can be introduced. We must select methods and formulate policies and measures to determine the developing orientations for the whole national economy. The market mechanism requires the formation of a healthy, lawful, and civilized environment of competition. Competition should be waged in the interest of national development and is not for the purpose of causing bankruptcies, to waste resources, or to eliminate one another.

We must correctly carry out our functions as state economic management agencies and also as public property owners. We must duly respect and uphold the right to autonomy of business organizations under the market-oriented mechanism. Administrative organs must not interfere with the affairs falling under the management responsibility of business organizations.

The fourth issue is the need to develop human resources and guarantee social justice. The party platform has made it clear that a correct social policy designed to bring about happiness for the people constitutes a great motivating force to bring into full play everyone's potential and creativeness to support the cause of socialist construction. We need to find solutions to a series of social problems that have been caused, either by the heavy consequences of many years of war, by a poorly performing economy, or by our recent shift to market-oriented mechanism and efforts to broaden international relations. We cannot solve all these problems at the same time, because of our low labor productivity, limited budget revenue collection, and need for savings to support national industrialization and modernization. As a result, the political report raised the most urgent issues relating to human resources and social justice and introduced the most basic orientations for improving the knowledge of Vietnamese in the fields of science, technology, education, and training. This was to improve everyone's intellectual standard, develop human resources, and foster talents. We must invest in the development of social sciences, the humanities, natural sciences, and technologies. Efforts must be made to study and creatively apply Marxism-Leninism, the Ho Chi Minh ideology, and scientific and technological advances of mankind in order to effectively contribute toward the formulation of production and business promotion policies and human resources development strategies. Education and training must truly become top priority requirements of the national policy. We must devise different forms of learning activities to guarantee equal educational opportunities for everyone, especially children who belong to needy households or entitlement families. Measures must be taken to motivate everyone to participate in the anti-illiteracy movement, to complete universal level I education for

elementary school students, and to implement universal basic high school general education in localities where conditions permit. Steps must be taken to improve the quality of teaching and learning activities and overcome negativism and shortcomings displayed by the educational sector in order to give quality training and develop human resources in support of national industrialization and modernization.

Along with improving the contents of educational activities in a thorough and modern manner, steps must be taken to step up civic education and help everyone acquire a scientifically sound world outlook, enhance patriotism, and sharpen the determination to make improvements to serve one's own interests and guarantee the future of the nation.

Being a spiritual foundation of society, culture is both an objective and a driving force of socioeconomic development. Science, technology, education, and training, cultural and artistic activities also play an important role in building a person's character and in enriching the spiritual life of the Vietnamese people. National identity is the hallmark of advancement of a cultural system. As such, it must be reflected, not only through cultural and artistic activities, but also through building, architecture, the application of scientific and technological advances, education and training, and so forth. It is necessary to see that whichever fields of activities we may engage in, we have our own independent ways of thinking and workstyle that are both modern and reflective of Vietnamese colors. Along with our efforts to engage in the market-oriented economy, broaden international relations, implement national industrialization and modernization, and absorb the quintessence of mankind, we must always attach importance to our traditional values and national colors and must be determined not to lose our national identity due to self-effacement or copycatting.

Improving physical conditions is everyone's wish, and also a valuable asset in order for society to serve its intellectual property and material facility development objectives. The responsibility of looking after everyone's physical well-being rests with all members of society, echelons, sectors, and mass organizations. In addition to efforts to boost the economy and improve the living conditions of the people, public health care, physical education and sports, and population and family planning sectors must provide good health care to the population. Efforts must be made to build and consolidate public health care networks at the grass-roots level, ensure good preventive medical care and disease control and prevention, provide health care and protection for women and children, and initiate a widespread

mass movement to participate in physical education and sports activities.

The structure and attitude in social services must be improved. All financial resources for medical activities must be adequately mobilized and put to efficient use. We must ensure that all poor people and social welfare recipients are able to receive free health care or health care at a reduced fee.

Through the realities of the 10-year renovation, we now clearly realize that we must not wait for a dynamic development of the economy before solving social issues, instead we must solve social issues in conjunction with economic development. Economic development must always be linked with social progress and justice.

Social justice is not only done through the distribution of the production result, but is also done through the distribution of the production means and through the creation of favorable conditions so that everyone can satisfactorily develop their ability. We must encourage the legal amassing of wealth and oppose the illegal amassing of wealth. We must pay more attention to eliminating starvation and reducing poverty. We must gradually reduce the gap of living standards among various regions, ethnic groups, and residential communities, especially in the former revolutionary bases and resistance regions, and in the families of social welfare recipients. We must strive to ensure that every person and house enjoys a prosperous and happy life with stable employment and adequate food, clothing, education, and health care. We must strive to gradually accomplish the wishes of President Ho Chi Minh.

Stemming from the understanding that the care given to the people and the social community is the responsibility of the entire society, every unit, and each family and that it is the undertaking of the party, state, and entire people; we advocate the settlement of social issues under the spirit of socialization, in which the state plays a leading role. Apropos to economic development, the state will increase spending on science, education, culture, health care, and other social services. At the same time, we must exploit the potential of every person, locality, and mass organization. We must obtain, and put into good use, foreign aids to provide care to the people and society.

The conceptions of the revolutionary cause is the undertaking of people, by the people, and for the people; the state and the people must work together and every task must be relied on by the people. These are the conceptions and experiences that have been obtained from the history of the people's war and from the 10 years of renovation. We need to thoroughly understand

and develop them in order to settle human and social issues in the current period.

V. The Objectives, Duties, and Directions in Major Socioeconomic Programs of the Five-Year 1996-2000 Plan

Our country is entering the last five years of this century with more ability and opportunities than the previous five years; but we are also facing very harsh challenges. The five-year 1996-2000 plan is established on the basis of understanding the following leading ideologies:

1. We will simultaneously work for three economic targets: Accelerating the industrialization process at a high, stable, and efficient rate; stabilizing firmly the macroeconomy; and preparing conditions for higher development after the year 2000. We will mainly develop human resources, sciences, technology, and infrastructure to perfect the economic structure.
2. We will continue the uniform and long-term implementation of the multisectorial economic policy, exploit all resources to develop the production force, and perfect the market economy with the state management under the socialist direction.
3. We will harmoniously combine economic development with social progress and concentrate on settling pressing social issues in order to create prominent changes in social progress and justice.
4. We will closely link the economy with national defense and security, and improve the use of all resources to serve the cause of economic development and national defense and security.
5. We will continue to develop major economic areas at different rates, create favorable conditions for development in all regions, develop advantages in each region, and avoid the disparity in development rates among the various regions.

Over the next five years, we should concentrate our energy on the development targets in order to attain a GDP annual growth of 9-10 percent. By the year 2000 the GDP per capita should be doubled of that of 1990. Industrial production value should increase by 14-15 percent, agricultural output by 4.5-5 percent, and services by 12-13 percent. The management sector should seize all these new advantages and try to aim at targets even higher than those mentioned.

The estimations of the above targets come from real-life experience and urgent requirements tailored to our lives and times. They are needed to improve the living standards of the people of all strata, to heighten the stature of the country, and to create a stable position so that our country will be able to

compete and cooperate with the world community. The major directions and measures needed to implement these targets are demonstrated in the 11 programs and areas in the five-year plan. The main contents can be summarized as follows:

The development programs of agriculture and rural economic activities for the rural and mountainous regions, and areas of minority ethnic groups. Major targets and directions are: Comprehensive development in agriculture, forestry, and fishery, in conjunction with the processing industry for agro-forestry-fishery products; renovation of agricultural and rural economy in the direction of industrialization and modernization; assurance of adequate national food grain reserves in all situations; providing equal development opportunities for each region based on its particular strength, and coordination between regions to help them develop harmoniously and prevent disparity in development. Mountainous regions and regions in which minority ethnic groups reside still face many difficulties. We should give priority assistance to core localities and former revolutionary bases, and help create preliminary conditions for the localities for further advancement. The advantages and strength of the sea and the coastal regions should be mobilized to the maximum extent for economic development and national defense and security protection. We should effectively protect and exercise the right to authority on the seas of our fatherland.

The programs for industrial development and construction of infrastructure and services will focus on a number of major directions and targets: Rapidly develop industries in order to gain advantages and competence to be able to compete in the market; concentrate on exports; establish various major industrial branches and products — such as food processing, production of consumption goods, exploitation and processing of oil and natural gas, electronic industry, information industry, mechanical design, and material production. Existing industrial facilities should be upgraded and improved, and centralized industrial zones should be further encouraged as they will serve as convenient bases for the development of new industries. Industrial development of rural and city outlying areas should be boosted. Transportation networks of roads, railways, rivers, sea, and air should be developed to ensure smooth traffic in all weather conditions on major communication routes, including the spinal route and other branches to different regions. Socioeconomic infrastructure development of mountainous and rural regions should get more attention. Road, electricity, school, clean water, and communication facilities are some essential examples.

Trading and service providing sectors should strive to ensure smooth commodity traffic throughout the coun-

try, with more attention to rural and mountainous regions as well as the expansion of international trade. State-owned trading establishments should be consolidated, beginning with trading activity that is related to major commodities and in localities where trading market is still left unattended. The state trading network should take hold of the wholesale market and effectively dominate the retail market. It should gradually expand the trading cooperatives and agent networks that will cooperate with the state-owned sector to prevent unexpected price upheavals and contribute to the price stabilization efforts.

Efforts should be made to develop tourism, information services, and consultative services on technology, finance, auditing, banking, insurance, and so forth.

Programs on external economic activities aim to develop and heighten the efficiency of external trading activities, attraction of foreign capital and technologies, and other foreign-currency earning services.

We should accelerate the process of integration into the regional and world economy, expand our import-export market, increase the export proportion of processed goods, and increase the export volumes of items that have large quantity and economic value. Annual export value should increase by 28 percent, and import value by about 24 percent. Commodities that are effectively produced at home should replace imported ones.

We must continue improving the environment for investment, taking advantage of opportunities to attract and efficiently use the capital. We must also use the advanced and modern technologies invested by foreign countries. At the same time we must gradually increase the share of capital contribution by the Vietnamese parties to the foreign-invested joint ventures.

The group of programs for science, technology, education, and training focuses on various main objectives and directions that will consist of promoting scientific and technological development. We must speed up the industrialization and modernization process. We can do this by acquiring scientific and technological findings, and transferring them to Vietnam. This will then begin the development of certain fields of advanced technologies on electronics, information, biology, new materials, and automation. We need to increase the proportion of renovated equipment for various production sectors by five percent or more per year, thereby making full use of advanced technologies and gradually upgrading our country's technical standards to the region's average. We must strictly comply with requirements for protection and improvement of the ecological environment. By improving the people's intellectual standards, training, and providing additional training to our manpower

resources we will meet the requirements needed for industrialization and modernization. By the year 2000, the number of trained workers will be 22-25 percent of the total workforce. By cultivating a contingent of steadfast scientific and technological cadres, developing, providing training to, and making good use of their talents in various domains, such as science and technology, culture and art, socioeconomic management, and production and business administration, we will meet existing requirements and be prepared for higher development in the year 2000.

The group of programs for social and cultural development focuses on the following goals and directions:

In order to solve the employment problem, the state will create more jobs and create conditions so that everyone can assist themselves. The percentage of unemployed in the cities will be reduced to 5 percent, and the percentage of those working in the rural areas will be increased to 75 percent by the year 2000. Hunger will be eradicated, and poverty alleviated. Currently, 20-25 percent suffer from hunger and poverty, but that number will be reduced to about 10 percent by the year 2000.

We must expand various activities to pay for the kindness of those who have performed meritorious deeds for the country. We must insure that all those with meritorious deeds and their families have a living standard at least equal to, if not higher, than the average level of others in their residence area.

We must carry out the motto of stepping up the socialization of all activities relating to culture, information, physical education, sports, public health, population and family planning, and others. We must direct these activities toward improving the quality of the material, spiritual, and physical life of the people.

We must achieve harmony between economic growth, social progress, social justice, and effect a vigorous change in resolving pressing social problems, dispelling negativism, injustices, and social evils.

We must strive to gradually narrow the gap of development within various areas. Special attention must be given to developing various areas of social welfare, such as public health, education, radio and television broadcasting, culture, and arts, in localities where difficulties are still prevalent, especially in inaccessible and remote areas.

6. Consolidating national defense and security:

While placing the emphasis on socialist construction, we must not relax, even for a single minute, our national defense duty and must always attach importance to the

national defense and security tasks, regarding them as two interrelated strategic tasks.

The national defense and security tasks in the years ahead will consist of developing the integrated strength of the entire people, including that of the political system, gradually strengthening the country's national defense and security potential, firmly building an all-people national defense and all-people national defense-related combat array in combination with the all-people security and the people's security-related combat array, improving the quality of the armed forces to firmly defend national defense, sovereignty, and territorial integrity, to protect the people, the party, and the socialist regime, preventing and foiling all schemes and acts causing political and social instability and schemes and acts violating independence, sovereignty, and territorial integrity, causing harm to the cause of national construction and defense, effectively preventing and sternly punishing all types of crimes, and satisfactorily guaranteeing public order and security.

It is necessary to closely combine the two strategic tasks of building and defending the fatherland; this involves combining national defense and security with the economy and linking the national defense task with the duty of security maintenance, since these two aspects are closely related in our tasks of defending the fatherland and the regime in the new situation. We must achieve close coordination between national defense and security activities and foreign relations activities, perfect the legislative and national defense system, institutionalize various policies of the party on the building of an all-people national defense and people's security system, pay constant attention to party building, intensify party leadership over the Army and the public security force as well as over the strengthening of national defense and security, and strengthen state management over national defense and security.

7. Broadening foreign relations:

The foreign relations tasks for the period ahead consist of consolidating the environment of peace and creating more favorable international conditions for stepping up socioeconomic development and national industrialization and modernization in support of the cause of national construction defense while making positive contributions to the common struggle of the people of the world for peace, national independence, democracy, and social progress.

We must continue implementing our open, multilateral, and diversified foreign policy of independence and sovereignty with the spirit that shows Vietnam's willingness to befriend all the countries in the world commu-

nity in the struggle for peace, independence, and development.

We advocate broadening international relations and multi sided—bilateral and multilateral—relations with other countries and international and regional organizations on the principle of respect for each other's independence, sovereignty, territorial integrity, noninterference in each other's internal affairs, equality, and mutual benefit, and the need to reach appropriate solutions through negotiations of residual issues and disputes to ensure peace, stability, security, cooperation, and development.

We must strengthen our relations with our neighboring countries and other ASEAN member countries, constantly consolidate relations with our traditional friendly countries, and attach importance to developing countries and to economic and financial institutions in the world while constantly upholding our fraternal solidarity with developing countries in Asia, Africa, and Latin America and with the Nonaligned Movement, and strengthen our relations with various United Nations organizations and other international institutions.

We must work hard at various international fora, participate in the settlement of various global issues, and support the struggle to eliminate nuclear weapons and other means of mass-destruction.

We must develop our relations with various communist and worker parties and revolutionary forces and the forces of national independence and progress, and establish and broaden our relations with various ruling parties and others.

We must broaden our relations with foreign peoples and with nongovernmental organizations, struggle for sympathy from and the widespread support of the peoples of various countries, and contribute to spurring the trend toward peace, cooperation, and development.

VIII. Strengthening the Great National Unity Bloc, Developing the Mastership Role of the People, Building and Perfecting the SRV State

The revolution is the undertaking of the people. Our regime is one where the people are the master, and the party leadership does what they say. Developing the leadership role for the people regarding national renovation, industrialization, and modernization is a matter of strategic importance.

National construction requires further expansion of national unity. It involves taking the worker-peasant-intelligentsia alliance as its foundation to unite all the people into the great family of the Vietnamese nation, be they at home or overseas. We must uphold the strength

of the whole community, and promote the tradition of patriotism and national pride. Everyone should share the goals of firmly maintaining independence and unity and advancing toward becoming a prosperous people, a strong country, and an equitable and civilized society. At the same time, we must accept differences that are not opposed to the common interests of the nation, and must jointly overcome prejudices and complexes. We should put the past behind us and look toward the future. We should cultivate the spirit of great unity, openness, and mutual trust.

Implementation of great national unity and strengthening the people's right to power should be reflected in concrete and practical policies that respond to the lawful interests of various classes, strata, ethnicities, and religions. The policies should also help to create a new force to move the revolutionary movement forward with a large and steadfast working class.

The building of socialist democracy is an essential component of political renovation in our country. We should have logical structures and concrete methods to insure that the people know, the people discuss, the people participate, and the people inspect all major lines and policies of the party and the state. We should ensure that these become principles for the people. We should exercise the right to the people to have power in various forms: the right to direct power, the right to power through representatives, and self-governing patterns at grassroots level. We will continue the renovation of the organization and operation of the fatherland front and other mass organizations in order to make the front and other mass organizations the true political base of the people's administration under the leadership of the party.

Our state is the main column holding up our political system. It is the people's tool to exercise their powers. The construction and refinement of the state should be fulfilled on the basis of thorough observation of the following principles: Our socialist state is a state of the people, by the people, and for the people; the alliance between the working class, the farmers class, and the intelligentsia is the foundation force; the right of power to the people should be exercised to the fullest extent; social disciplines should be strictly maintained; all actions that violate the rightful interests of the fatherland and the people should be severely handled; state powers are united in the division and coordination between state bodies to exercise the legislative, executive, and judicial powers. The centralized democracy principle should be practiced in all organizations and operations of the state. The legislation system should be strengthened so as to effectively help the development of a law-governed socialist state of Vietnam. The law should be effectively

enforced in the management of the society at the same time with efforts in education programs to heighten moral standards. The leadership role of the party over the state should be strengthened.

In order to make our state a state of the people, by the people, and for the people, and to make our state pure, steadfast, and effective, we should carry out harmoniously and simultaneously all the duties of: Renovation and consolidation of legislation work and the supreme inspection role of the National Assembly over all activities of the state; implementation of administrative reform program including reforms on administrative procedures, organizational structure, and improvement of the contingent of staff and public service workers; and reforms on organization and operation of the judicial system.

Our cadres, party members, and the people are currently paying the utmost attention to the fight against corruption. Corruption is a direct risk to the survival of the political system. The measures carried out so far by the party, state, and people to suppress corruption yield insignificant outcomes. We should continue to resolutely, regularly, and efficiently carry out the struggle against corruption in the state apparatus, in all sectors, and all echelons from the central to grassroots levels. We should combine temporary measures with long-term strategic solutions in our policies to refine our organization, improve our management work, and rectify errors. All crimes and violations to the law should be strictly and timely handled, and all forces should be mobilized to participate in the struggle to prevent, suppress, and eradicate corruption. Leaders of agencies and units, and core cadres at all levels should be exemplary pioneers in the fight against corruption, beginning with the fight within oneself. The fight against corruption should be closely combined with the fight against smuggling, waste, and officialdom, with special attention paid to the acts of embezzlement; illegal property acquisition; causing loss to property of the state; and soliciting, delivering, and receiving bribes. Some special areas should receive intensive attention.

IX. Party Building and Amendment of Party Statute.

Building the party and making it evermore steadfast in terms of politics, ideology, and organization is our core duty, especially in the current condition of our country as it enters a new development period. Achievements, as well as shortcomings, of the renovation undertaking are closely attached to the leadership responsibility of the party, especially at the grassroots level. The leadership of the party is the decisive factor that brought about all achievements for the renovation undertaking, but at the same time, the party is also responsible for the

ramification of the weaknesses and negativities within the party apparatus, state, and in the society.

It was in the process of leading the renovation undertaking that our party has become more and more mature, and been able to recognize more clearly our weaknesses so that we can find ways to rectify them.

We must be more determined in maintaining the leadership of the party, because in our country, without the leadership of the communist party there would be no national independence; no observation of the people's right to power; no state of the people, by the people, and for the people; no social equity; and socialism would be impossible.

In normal times, the party's leadership role is very important, but in transitional times, this role becomes even more important. Of course, in order to be able to correctly and efficiently lead the revolution, the party must regularly revamp and correct itself. As a ruling party working in a very complicated situation, our party is greatly aware of this and considers this a regulation for the development of the party.

Revamping and correcting the party is aimed to increase the quality and leadership capacity of the party; to build, strengthen, and protect the party; to make the party clean and strong; and to meet political responsibilities in these new times. Revamping and correcting the party, therefore, must be linked with reforming economic and social fields, with the consolidation of the political system, and with the inspiration of the people's creativity and the movement for revolution actions in the public.

In its process of revamping and correcting, the party must be determined and must creatively develop fundamental conceptions of Marxist-Leninism and the Ho Chi Minh thought on party building. The party must outline measures on party building that stem from reality and avoid opportunism, conservatism, and extremism. The all-binding point of extreme significance for our party in the current stage is to maintain and strengthen the worker's nature of the party. This nature is manifested primarily in the goal and ideology of the party and in its political platform and personnel guidelines. It is also manifested in the close relationship between the party and the people and the nation, and in the right mix between genuine patriotism and internationalism of the workers' class. We should adopt a unified view: the CPV is the vanguard of the Vietnamese working class and a loyal representative of the interests of the working class, the laboring people, and the entire nation. The goal of the party is to build a Vietnamese nation of independence, democracy, prosperity, and an equitable and civilized society and to successfully build socialism.

The ideological foundation of the party is Marxist-Leninism and the Ho Chi Minh thought. The party's organization principles are the principles of democratic centralism and the principle of collective leadership and individual responsibility. The fundamental regulation for the party's development and progress is the regular practice of criticism and self-criticism. The class nature, goal, and ideology of the party require that all party members uphold a vanguard and exemplary role, engage in labor, refrain from exploitation and private capitalist economy, adopt revolutionary virtues and a healthy lifestyle, have a good sense of organization and discipline, and stay in close touch with the people.

Any actions that run counter to the aforementioned regulations are not suitable for the requirements of essential qualities of party members. In the current situation, we must pay special attention to education, training, and the raising of the political acumen, revolutionary virtues, and the intellectual level of our cadres and party members. We must rectify deviations, vague viewpoints, and manifestations of ideological wavering and the slackened confidence in socialism and the party leadership. We must criticize and refute all erroneous and hostile viewpoints. All cadres and party members, starting with the key cadres, must be exemplary in their studies and training, strive to raise their knowledge in every aspect, uphold revolutionary virtues, and overcome individualism. The party organizations must regularly educate and control their members, including those who are leading cadres. We must promptly and strictly deal with the spoiled and degenerated party members.

The farther we go towards a market mechanism and expand our economic exchanges, the more scientific and strengthened the organization system of the party must be to ensure its all-round leadership over all aspects of social life. To that end, on the one hand, we have to strictly observe the principle of democratic centralism in the party operation, promote democracy, and maintain discipline and consolidate unity in the party; while on the other hand, we have to strengthen the party's organizational system and other organizations in the political system. We must introduce appropriate mechanisms and operational modes to both ensure the party leadership and to promote the activeness and dynamism of the state, politico-social organizations, economic units, and mass organizations.

In building the party's organization system, in addition to strengthening the party organizations at all levels — especially at the central level — we must pay attention to consolidating the party's grassroots organizations and to developing the result and experiences gained in the implementation of the resolution issued by the third plenum of the seventh party Central Committee.

It is necessary to heighten the vanguard and fighting spirit of party organizations and party members in the undertaking of renovation and in the implementation of the party's line and the state laws.

Efforts must be made to build pure, firm, and strong grass-roots party organizations while improving the weak ones; strive to overcome loose implementation of the party tasks; and improve contents of the party activities to suit local realities. Under the current mutisectoral economic conditions and in applying the new management mechanism, we have many forms of grass-roots party organizations with different functions and duties. As a result, we should have plans to examine and correctly appraise each form of grass-roots party organization in order to design new measures to appropriately adjust and make sure that each form can carry out activities in accordance with its functions and duties.

The new situation and tasks require the entire party to pay special attention to building the contingent of cadres, especially key cadres of various echelons while satisfactorily preparing the prospective contingent of cadres. The party should, in as short a period of time as possible, formulate a strategy for cadre work in the new stage. As a ruling party, the party must pay attention to training and providing cadres for the whole political system. The party unanimously supervises the cadre-related tasks and manages the contingent of cadres while developing the responsibility of various member organizations in the political system. It must ensure the principle of collective leadership while developing individual responsibility in cadre-related tasks.

On the basis of firmly maintaining the standard quality of cadres, the party should rejuvenate the contingent of cadres, organize good coordination between different age groups, and maintain the nature of continuity and development of the contingent of cadres. The party should design a mechanism and policy to promote unity and carry out an extensive integration of cadres. It should try to find and optimally use the talents of the nation.

Cadres in the renovation stage should have firm political acumen, be loyal to the revolutionary ideal, and firmly adhere to the objectives of national independence and socialism. They must have a specialized background and the ability to carry out tasks, a sense of organization and discipline, and should set a good example in ethical conduct and lifestyle. In short, they must have sufficient virtue and capability, especially as virtue is considered a basis for this. Efforts must be made to change the concept and method in carrying out the cadre-related tasks along the true democratic lines and under firm regulations.

Another issue that should be stressed in the documents of this congress is the strengthening and renovating of party control work. We must strengthen the control duty of various party committee echelons and agencies of party committees while enhancing the duty, authority, and responsibility of various party control committees. The party statute stipulates that control work is one of the party's leadership functions. Party organizations and members must carry out the control work and are subject to control by the party. Party committee echelons must supervise the control work and organize the implementation of this task, the political platform, the party statute, and resolutions and directives of the party. These echelons and other party organizations must directly control and assign various committees to carry out the control work. They must — through the control work — detect new factors, develop the advantageous areas, and prevent and overcome shortcomings while supplementing, developing, and adjusting lines and policies.

Control committees at various echelons must concentrate their efforts on reviewing party members who show indications of violating the quality standard of membership and that of party committee member, and who fail to carry out their duties as a party member. These control committees must also control and examine party organizations at the lower echelons, especially those made mistakes in implementing the party political platform, the party statute, the party resolutions, and the directives and principle of democratic centralism of the party. They must deal with and help various party committee echelons to justly and promptly deal with party members and organizations who violated these rules and resolutions. Special attention must be paid to satisfactorily carry out the political task within the party in the new situation.

Dear comrades, the Eighth National Party Congress is the congress for the continuation of the renovation along the socialist path. Orientations and tasks presented in the documents for submission to this congress are aimed at concretizing and further developing the renovation policy determined by the Sixth and Seventh National Party Congresses. Triumphant implementation of these orientations and tasks is the best way to create momentum for the greater advancing steps in the cause of national building and defense, thereby preparing our people to firmly advance into the 21st century.

Our entire party, people, and the armed forces are united as one to bring into full play our nation's glorious tradition and the Vietnamese people's intelligence and capability. They are prepared to uphold the spirit of independence and the impetus of self-reliance and improvement, firmly grab opportunities, expel dangers,

overcome challenges, determinedly turn resolutions of the Seventh and Eighth National Party Congresses into reality, continue the renovation undertaking, and vigorously step up industrialization and modernization

for the objectives of a prosperous people, a powerful country, and an equitable and civilized society so as to firmly advance toward socialism. [prolonged applause]

Australia

Australia: Canberra Confident Jakarta To Ratify Security Pact

BK3006131096 Melbourne Radio Australia
in English 1100 GMT 30 Jun 96

[FBIS Transcribed Text] The Australian Government says it is confident that the Indonesian Government will soon ratify a security treaty between the two countries signed late last year. The treaty agreed to by former Prime Minister Paul Keating and Indonesia's President Suharto calls for regular ministerial consultations on cooperation and regional security.

Australia's defense minister, Ian McLachlan, says President Suharto has spoken enthusiastically about the treaty during a meeting in Jakarta earlier this month. In a television interview, Mr. McLachlan said Indonesia's foreign minister, Ali Alatas, had also indicated that his country would ratify the treaty.

Papua New Guinea

Papua New Guinea: Bougainville Premier Faults Offensive, Backs Independence

BK2606044196 Sydney THE SYDNEY MORNING
HERALD in English 26 Jun 96

[Report by Greg Roberts — received via Internet]

[FBIS Transcribed Text] In an embarrassing development for the Papua New Guinean (PNG) Government, the Premier of Bougainville, Mr Theodore Miriung, supported calls for independence for the strife-torn island and said the military offensive was doomed to fail.

Government-controlled "care" centres housing an estimated 50,000 people — close to a third the island's population — were suffering severe shortages of food and medicines, Mr Miriung told the Herald by telephone from the island of Buka.

He described as "evil" the apparent extrajudicial killings by the PNG military last week of eight former members of the separatist Bougainville Revolutionary Army (BRA).

Mr Miriung, a former judge and a senior chief, is a highly respected Bougainvillean who heads the PNG Government-appointed Bougainville Transitional Government based on Buka.

His attack is particularly galling for the Prime Minister, Sir Julius Chan, because his appointment last year was intended to boost the Government's stocks and he was seen to support its centralist policies.

But Mr Miriung said the military offensive launched by Port Moresby last week would not succeed in its aim to eradicate the BRA.

"I believe the results of this operation will be zero for the national Government. The end result will be that lives will be lost, people will be injured and ordinary Bougainvilleans will be dislodged from their villages."

Mr Miriung said a referendum should be held to determine whether Bougainville should remain part of PNG, and he believed the majority of islanders, who had suffered much during the seven-year conflict, would opt for independence.

"We had been on this island for 25,000 years without anyone overlording us until stupid mistakes by (former colonial powers) Great Britain and Germany put us with New Guinea," he said.

"We are an island apart from all others. We have enough common sense and enough resources to run our own affairs."

Mr Miriung said the care centres were suffering "chronic" shortages and many of the people forced to find refuge in them would go hungry.

He accused the Government of making "inhumane" decisions, citing last month's refusal to allow the French aid group, Medecins Sans Frontieres, to operate in BRA-controlled areas, and the restriction of the Red Cross to Buka and the town of Arawa because the military feared medicines would find their way to the rebels.

The island was suffering a crisis in health care, Mr Miriung said. There were acute shortages of drugs to fight potentially fatal illnesses such as malaria, health-care workers were not being paid and health centres were badly under-resourced and run down.

The killing of the eight young men near the village of Sipai last week was unpardonable: "It is evil for the security forces to kill people instead of charging them with something so they can go through the available legal processes," he said.

He believed the Government should establish a Human Rights Commission to investigate claims of abuse against both the military and the BRA.

Repeated attempts to obtain a response from the Government to Mr Miriung's remarks failed yesterday. Sir Julius said last week that "everything humanly possible" was being done to feed the people in care centres.

Heavy fighting was reported late yesterday between rebels and the military near Luagu village in southern Bougainville as the offensive continued.

The PNG military commander, Brigadier-General Jerry Singirok, began meetings with senior Australian defence personnel in Canberra yesterday to brief them on the offensive.

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